PUBLIC TRACKAGE OWNERSHIP GAINS SUPPORT

Public ownership, maintenance and control of railroad rights-of-way (tracks, roadbeds, signal and control systems) as one way of correcting the problem of trackage deterioration is gaining support in Congress, state governmental circles, the media and even in parts of the railroad industry.

The idea, first advanced publicly by NARP in 1969, was suggested as a possibility for the restructured Northeast railroad system (ConRail) by the U.S. Railway Association in its Preliminary System Plan February 26.

USRA suggested (without endorsing) creation of a government-supported Consolidated Facilities Corporation (ConFac) to upgrade and operate the tracks of the bankrupt Northeast companies.

NEWS

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

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Variations of the public ownership plan have been introduced as bills in Congress.

Rep. Les Aspin (D-Wis.), and Sens. Lowell P. Weicker (R-Conn.), William D. Hathaway (D-Maine), and Chairman Vance Hartke (D-Ind.) of the Surface Transportation Subcommittee have introduced similar bills (H.R. 4365 and S. 1143).

The bills would designate a national network of essential rail lines and create a non-profit corporation to acquire and maintain the rail lines. It would require minimum standards of maintenace of tracks and roadbeds and would provide financial assistance to the corporation and to states for trackage rehabilitation.

Most recently, Sen. Hubert H. Humphrey (D-Minn.) and Rep. Andrew Maguire (D-N.J.) introduced identical bills (S.1385 and H.R.5777) which would accomplish the same thing. It also provides for initial retention of light-density branch lines which might otherwise face abandonment. Railroads would be free to turn over ownership and responsibility for maintenance of their tracks and roadbeds to the new agency or retain them. In the latter case, they would be required to maintain the mainline tracks at a standard to permit safe freight train speeds of 60 miles per hour (which would permit 80-mph passenger train speeds).

In response to the Northeast restructuring plan, Governor Michael Dukakis of Massachusetts filed a statement strongly supporting public ownership. His Secretary of Transportation added: "We recommend a massive program of federally aided rail rehabilitation and modernization, coupled with government ownership of and maintenance of rail rights-of-way."

Rep. Gerry Studds (D-Mass.) stated that federal and state governments should assume responsibility for ownership, maintenance, etc., of the railroad rights-of-way, just as they "now assume responsibility for highways, airports, seaways and canals."

Support in one degree or another was announced by the *Wall Street Journal*, and *Business Week*, the *Chicago Tribune*, the *Washington Post*, and *Chicago-Sun-Times.*

The *Sun-Times* commented favorably on the effort to create an integrated interstate railroad system and noted that "these measures are wisely designed to stop short of the 'nationalization' concept for railroads."

The *Wall Street Journal* observed that "all Northeast rail plans at this stage are, to a greater or lesser degree, Hobson's choices, made necessary by years of politicized federal and state regulations. . .(but) we also are reasonably sure that, whether we like it or not, the government will become more directly involved in the railroads. ConFac is Hobson's choice, but it may be the best Hobson has available."

John P. Fishwick, president of the Norfolk & Western, one of the profitable eastern railroads, called for federal takeover of about 5,000 miles of the bankrupt lines east of a line running north-south between Albany, N.Y. and Harrisburg, Pa. He said it would "minimize the risk of nationalization of the nation's railroads."

(In a broader sense, this is what NARP has been saying – that public ownership and maintenance of tracks can keep the railroad companies from the threat of nationalization.)

Fishwick's statement brought dissent from the Chessie System, and Frank E. Barnett, board chairman of Union Pacific, said government trackage ownership would lead inevitably to rapid nationalization of the entire U.S. railway industry. He said the Fishwick proposal "is all wrong. . .it's not thought out."

Alan S. Boyd, president of the Illinois Central Gulf, stated: "I strongly favor careful consideration of ConFac as a remedy to the Northeast problem." With public funding of ConFac, he pointed out, ConRail could have "a reasonable opportunity to achieve profitablity and to remain in the private-enterprise sector.

And Milwaukee Road President William Quinn said: "The competitive situation of the railroads versus other modes of transportation is such that there will have to be some infusion of federal funds to the railroads. If the government's providing facilities to us is part of that package, it's suitable to me."

Amtrak Orders 235 Pullman-Standard Bi-Level Cars; Total On Order Is 762

If someone could wave a magic wand and produce new railroad passenger cars, Amtrak's appearance would change overnight.

New car orders now total 762, of which 435 were ordered last month. The stumbling block is the length of time between placing the order and getting delivery, about two years.

Two hundred more Metroliner-type cars were ordered in March from the Budd Company, making a total of 492 purchased by Amtrak. This order was for $86 million. Delivery will be completed by June 1977.

Delivery starts this month on the first Metroliner-type cars which were ordered in October 1973.

The big news in the March order was 235 bi-level cars from Pullman-Standard at a cost of $147 million. Designed for use on long-haul trains outside the Northeast corridor, they can be used as sleepers, diner-lounges and day coaches.

In addition, Amtrak now has six French-built Turboliners (each has five cars), which adds 30 new cars to the fleet. Seven more Turboliners (35 cars) are on order.

Total cost of Turboliners, bi-levels and Metroliner-types is just over $400 million.

Secretary of Transportation William T. Coleman, in a cautious performance on "Meet the Press", revealed little of his plans or feelings about major transportation problems. Later, at a press conference, he suggested one solution to the railroad industry's problems would be massive consolidation, reducing the number of transcontinental systems to perhaps two, with two other systems serving north-south routes.

The Washington Association of Railroad Passengers recently held a meeting in Yakima, after which members rode the local streetcars. Interested persons should contact: Paul H. Phillips, c chairman of the association, West 444 - 21st St., Spokane, Washington 99203.

WHERE MANAGEMENT FAILED

By Anthony Haswell

As members of NARP are well aware, there have been many occasions over the years when NARP, and I personally, have felt compelled to criticize the actions and policies of various railroad companies, and of the industry as a whole, with regard to passenger service. So it seems appropriate to take a closer look at the overall performance of rail management.

Many U.S. railroads are well managed in terms of their ability to operate and market freight services on their own lines. Recently Southern Railway was named one of the five best-managed businesses *of all kinds* in the country. However, overall performance drops sharply when traffic moves on more than one line. Railroads have a poor record for cooperation and coordination among themselves on service reliability and cost reduction. Nor have they done much to establish coordinated service arrangements with highway water, and air carriers.

The most conspicuous area of failure, however, is in the industry's relationships with government and the public. Each year the Association of American Railroads releases a set of figures on how much money all levels of government have spent and are spending on transportation. Thru 1973, the cumulative total was over $450 billion, of which less than $1 billion was spent on line-haul railroads. Our once-proud rail network is literally sinking into the mud. A significant portion of the railroad industry is financially bankrupt. Deterioration of railroads combined with the huge expenditures on other modes has resulted in a badly unbalanced transportation system.

I submit that rail management must accept a major share of the blame for these incredibly distorted government spending policies. For the past fifty years, other modes have lobbied incessantly and successfully for government expenditures on their facilities. In contrast, the dominant forces of railroading have yet to admit the imperative of substantial public funding for rail fixed facilities, and hence the industry has not asked for such assistance. As I indicated in this space last month, suggestions that track and roadbed be acquired and maintained by the government are viewed by many railroads as "socialistic".

If railroads are to survive as private enterprises, management must change its attitude towards government involvement in fixed plant. If present management will not do so, the board of directors, acting in the interest of the owners, should find new managers who will.

Related to railroad-government relationships are railroad-public relationships. Under our electoral system, government policies reflect what the people as a whole — the voters — want government to do. It follows that if the industry is to get help from the government, it must gain the sympathy and understanding of the public.

Any number of polls and other indicia show that when most people think of railroads, they think of passenger service. If passenger service is good, the railroads are doing a good job; if it is poor or non-existent, the railroads are doing a bad job.

To some extent, this attitude may be simplistic, irrational, or even unfair. But such a debate has little relevance to the policy formulation task confronting rail managements. They must do business in the world as it is. Rather than ranting about the stupidity of the public or the venality of politicians, the railroads should do all they can to assist Amtrak and commuter agencies to provide good passenger service.

Some railroads are doing a good job for passengers, but others are not. The latter group is alienating voters, who in turn will alienate the elected officials upon whom the entire industry must depend for help to survive.

A successful strategy for survival must be managements' highest priority.

Faulty track caused the derailment last July of the Amtrak Chicago-Los Angeles Southwest Limited near Melvern, Kansas which killed one person, and injured 67 passengers and 15 railroad employees, the National Transportation Safety Board has announced. After an investigation of the accident, the Board offered Amtrak some suggestions for improved safety: installation of windows in passenger cars which can be removed from the outside, emergency lighting, and improved design of features which injured passengers, including ash-trays, loose furniture, fixed clothes hangers, and ceiling fixtures.

FARES AND SERVICE

INTERCITY: Amtrak's answer to third class air fares is the best bargain yet: $99 round-trip coach between New York or Chicago and all Florida stations, good daily until June 30, with a $70-a-week auto rental option in major Florida cities. Check to see whether the family plan (which is not good for trips starting on Friday and Sunday) would offer greater savings. On the "James Whitcomb Riley" and "Mountaineer", which run between Washington/Newport News/Norfolk and Cincinnati-Chicago, 90-day round-trip coach tickets now cost 1-1/2 times the regular one-way rate, and Marion, Indiana, will be served starting in the fall. For this and for the Florida excursion fares, children are half fare, and no stopovers are permitted.

Other fare improvements are being considered. Earlier, Amtrak offered excursion 7-to-21-day round-trip coach fares (good through June 11) on the San Diego-Los Angeles-Oakland-Portland-Seattle route, and cut the minimum adult one-way coach fare eligible for the family plan from $30 to $20. (First-class family-plan applies where the regular one-way *coach* fare is $20 or more.)

Meanwhile, the CAB is on the spot as a result of World Airways' well-publicized application to sell transcontinental tickets for $89 one-way ($96 with taxes and airport security charges). And Joseph F. Vittek, Jr., of the M.I.T. Flight Transportation Laboratory, is reported to believe that, in the absence of new technology, the airline industry "may have to concede short-haul markets to other modes in order to protect its long-haul superiority". Among the short-haul markets: St. Louis-Kansas City, Chicago-Detroit, and Philadelphia-Pittsburgh. As for S.T.O.L. and V.T.O.L. (short- and vertical-takeoff-and-landing), Vittek says they are "the gleam in the eye of every aviation enthusiast" but they are "even more energy-inefficient than current aircraft." (Technology Review, February, page 55)

Restructured Chicago-Milwaukee schedule effective April 27 reduces the number of daily round-trips from six to five, and includes a new 9:20 a.m. southbound departure from Milwaukee, requested by the Metropolitan Milwaukee Association of Commerce following a survey of riders. . . . . .Chicago-Detroit Turboliner service began April 10 on the morning eastbound and afternoon westbound runs, should be expanded to the other existing trains April 27, and to a third daily round trip to be added in mid-May. . . .The Chicago-Florida "Floridian" is back in Louisville and Bowling Green, using the ex-Monon across Indiana, where Amtrak is considering restoration of a stop at Lafayette.

COMMUTER: ICC scotched B&O's application for a 40% fare increase on its D.C. area suburban trains, told B&O it could implement a 25 per cent increase, and denied appeals of the latter (conditional on an investigation to be jointly conducted with Maryland DOT).

Auto-Train, which posted records for automobiles and passengers carried during the months of February and March, announced that its new weekly service between Louisville and Florida is operating at 92% of capacity.

Rock Island Problems Threaten Passenger Options

Prospects for operating passenger trains on the most logical Chicago-Omaha mainline – which serves Des Moines, Davenport, Iowa City and Newton – are threatened by the possibly imminent demise of the Rock Island Railroad.

Connecting railroads, in proposals to the ICC concerning which tracks they should be ordered to operate if the Rock shuts down, have generally urged that all Rock Island mainlines be downgraded to branch status or abandoned. In particular, no railroad proposed to serve most of the Des Moines-Omaha link.

Although the ICC orders would be temporary, the resulting restructuring of through freight routes would probably become permanent, thereby killing prospects for restoring passenger service not only on the Chicago-Des Moines-Omaha route but also on the best routes from Minneapolis to St. Louis and to Des Moines-Kansas City and, possibly, between Chicago-Kansas City and El Paso-Tucson-Phoenix.

The solution appears to be extension of the planning process established for Northeast (through the Regional Rail Reorganization Act of 1973) to the region served by the Rock.

This means interim continuance of Rock Island operations with Congressional funding as required, while an orderly and open planning process is implemented. S.1306, introduced by 14 senators from the region, would authorize the Secretary of Transportation to loan $100 million to the railroad. Several similar bills have been introduced in the House.

NARP plans to seek a companion bill authorizing the planning process.

In seeking Congressional action and support for it from state and local officials, NARP members and their regional organizations should note that freight interests frequently coincide with long-term passenger interests: freight service quality is normally superior for customers located on mainlines, and the largest numbers of freight customers are usually located at population centers – such as Des Moines – which are also the logical targets for passenger service.

Since the percentage of route miles in bankruptcy is much smaller in the Rock's region than in the Northeast, pressures for an overall restructuring will be less, and the pressures from solvent (if shaky) railroads against such a restructuring will be great. Indeed, some public statements suggest that the Administration already has decided that a simple process of granting the Rock's competitors access to its major freight customers will suffice.

But, as NARP President Orren Beaty wrote to Senator Hartke, chairman of the Commerce Subcommittee on Surface Transportation: "It is important that the Midwest rail system of the future not be 'planned' on the basis of which mainlines are in the best physical condition today. . . The Congress rightly recognized that long-term planning was required in the Northeast, and should move quickly to assure the same benefits to the Midwest."

"The cost to the rail industry for the maintenance of its right-of-way and the interest charges it carries to own and upgrade that right-of-way have more than doubled over the last two decades and may double again within the next decade. If rail traffic volume cannot be increased sharply, rail unit costs will continue to rise rapidly, and the rail industry will become even less competitive for traffic which can be accommodated by trucks."

–USRA Preliminary System Plan, P. 120

Stuart M. Low of Darien, a long-time member of NARP, has been appointed to a two-year term on the Connecticut Transportation Authority.

Amtrak Calls USRA Plan Passenger Service Threat

The complete demise of intercity rail passenger service could be one of the end results of adoption of the Preliminary System Plan of the United States Railway Association, according to Amtrak.

In its official reply to the plan, Amtrak said the alternative to complete demise would be "an almost unbearable burden on the Federal Treasury for the benefit of the creditors and stockholders of Penn Central, and ultimately the stockholders and creditors of other railroads."

Amtrak attacked the USRA recommendation that freight operations be restructured to force Amtrak to pay full costs of maintaining certain track segments, as well as ambiguous wordings in the Plan which imply that Amtrak might be required to pay ConRail (Penn Central's successor) on a fully allocated cost basis.

Regarding the Boston-NY-Washington corridor, Amtrak accused USRA of ignoring Congressional intent that $500 million in the Regional Rail Reorganization Act be used "primarily to permit improvement of the Northeast Corridor" (quoting the Conference Report), and that the decision regarding ultimate ownership of the Corridor would be made by Amtrak.

(NARP's report of the Plan last month focused on the good news: the fast corridor network proposal.)

When Penn Central was relieved of its intercity passenger obligations under the Amtrak law and contract, it assumed certain other obligations including making necessary facilities available to Amtrak until 1996 and agreeing to be compensated only on an avoidable cost basis. In defending the latter, Amtrak quoted a 1969 letter from the ICC Chairman to the Senate Commerce Committee: "A more adequate method of determining the burden of intercity passenger service, and, for that matter, subsidy requirements lies in the application of avoidable costing."

The RRR Act, said Amtrak, does not permit USRA to "allow ConRail to take the tremendous benefits conferred upon the Trustees of Penn Central (ed.: by joining Amtrak) and at the same time free ConRail of the obligations and costs which were to be made. . .as consideration for such benefits."

Amtrak urged that ConRail assume the same contract which has been negotiated with Penn Central, noting that changes would likely have nationwide implications, setting precedents which solvent railroads might try to emulate.

Amtrak's firm stand is encouraging, and should be studied by agencies subsidizing commuter operations, since some of the principles may have common application.

The statement traces throughout the RRR Act the theme that passenger service in general as well as freight service "is essential. . . Nowhere. . .is there any indication that Congress wanted passenger service needs to take a back seat to freight needs or be subverted to any desire USRA might have to magnify ConRail's profitability."

In its Annual Report, Burlington Northern revealed that it is being studied by the Securities and Exchange Commission to see whether the company deferred railroad track maintenance intentionally in order to prop up earnings. The railroad said the "allegations are without foundation." Total deferred maintenance figures as of December 31, 1974, were $74.5 million, of which road-related items were $47 million. Additionally, deferred capital expenditures were $441.8, of which $282.6 million related to track and roadbed.

Reistrup Evaluates Amtrak Problems: Trackage And Aging Cars

Amtrak's new president, Paul H. Reistrup, took some time from his line-by-line personal inspection of the passenger trains in his system, to evaluate the problems he faces.

The number one priority, he told the *Washington Star*, is maintenance of Amtrak's "fleet of aging passenger cars."

That is something he can do something about. At about the same time, Amtrak announced approval of agreements with the involved unions to facilitate its takeover of the Penn Central shop (purchase price $3.8 million) at Beech Grove, near Indianapolis, for regular maintenance of the cars as well as refurbishments. (NARP has long advocated that Amtrak handle such work with its own employees and is pleased that the first step has been taken.)

In an article written for the *Los Angeles Times*, Reistrup also discussed a problem which will be harder for him to correct: the condition of tracks and roadbeds.

"...The day-by-day deterioration of many of the roadbeds on which (Amtrak) must operate," he wrote, "is one of our biggest constraints...The United States faces an imperative need to arrest roadbed and track deterioration. The existing network of rail lines is a valuable and virtually irreplaceable national asset, particularly during the worldwide energy shortage. But repair costs are escalating at an alarming rate."

Amtrak's president quoted from the *Chicago Tribune* which said editorially that poor trackage "represents a major block in the development of Amtrak into the passenger service it must become if we are to cut down on our consumption of fuel."

Reistrup said trains are by far the safest form of passenger transportation. He noted that some trackage, particularly in the West, is in excellent shape. But, in spite of railroads' innate safety advantages, bad tracks have been responsible for increasing numbers of derailments.

The equipment problem is simple. Most of the cars Amtrak uses are old. Reistrup said that not a single new sleeping car has been built in the United States since 1956 and that the average age of the passenger fleet is 22 years.

Maintenance of older cars is complicated by the fact that, when Amtrak took over, cars were switched around from railroad to railroad. Mechanics and other maintenance people have been faced with a variety of cars which, while all having generally the same characteristics, have certain peculiarities which delay or baffle corrective action.

His plans for the future, Reistrup said, include:

- Development of a new single-level sleeping car in addition to the bi-level, budget sleepers now on order.
- Inauguration of daylight hours service to cities which now have train service only in the middle of the night.
- Direct employment by Amtrak of all personnel involved in its operation with the probable exception of engineers and conductors.

NARP's expanded board of directors will hold its first meeting in Washington, D.C., at the National Lawyers' Club, Saturday, April 26. Under new by-laws, the board meets twice a year – the second to be in Chicago in October.

RIDERSHIP, ON-TIME REPORT

Amtrak suffered declines in both ridership and on-time performance in January and February.

The most recent Amtrak reports showed an average loss of 19 per cent on ridership in February, compared with February of 1974. January losses in ridership averaged 12 per cent.

Recession-induced curtailment of travel had an adverse effect on all modes of transportation. In addition, these two months of 1975 are comparisons with a period a year ago when the energy crunch was at its worst.

After a steady gain in on-time performance, Amtrak trains ran late more frequently in February on many routes than they did a year earlier and worse on virtually every route than in January 1975. For example, Metroliners were on time only 53.3 per cent of the time. The National Limited was never on time; the Broadway only 1.8 per cent of the time.

Voters of Wisconsin April 1 narrowly approved a change in the state constitution which will permit state spending on mass transit and for improvement of railroads. The margin with nearly 700,000 votes cast was about 800. NARP gave the measure a boost with its membership in Wisconsin, and one NARP member, John F. Jenswold of Madison, served on the committee which promoted approval.

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