The Railroads Are Fighting Back

Here is what the nation's railroads, plagued for years by passenger deficits, tax burdens and new competition, are doing to woo traveling Americans.

By MILTON MacKAYE

Biggest competitor of the passenger train is the private automobile. At left is U.S. Route 40, as it cuts across the Baltimore & Ohio right of way near Edgewood, Md.

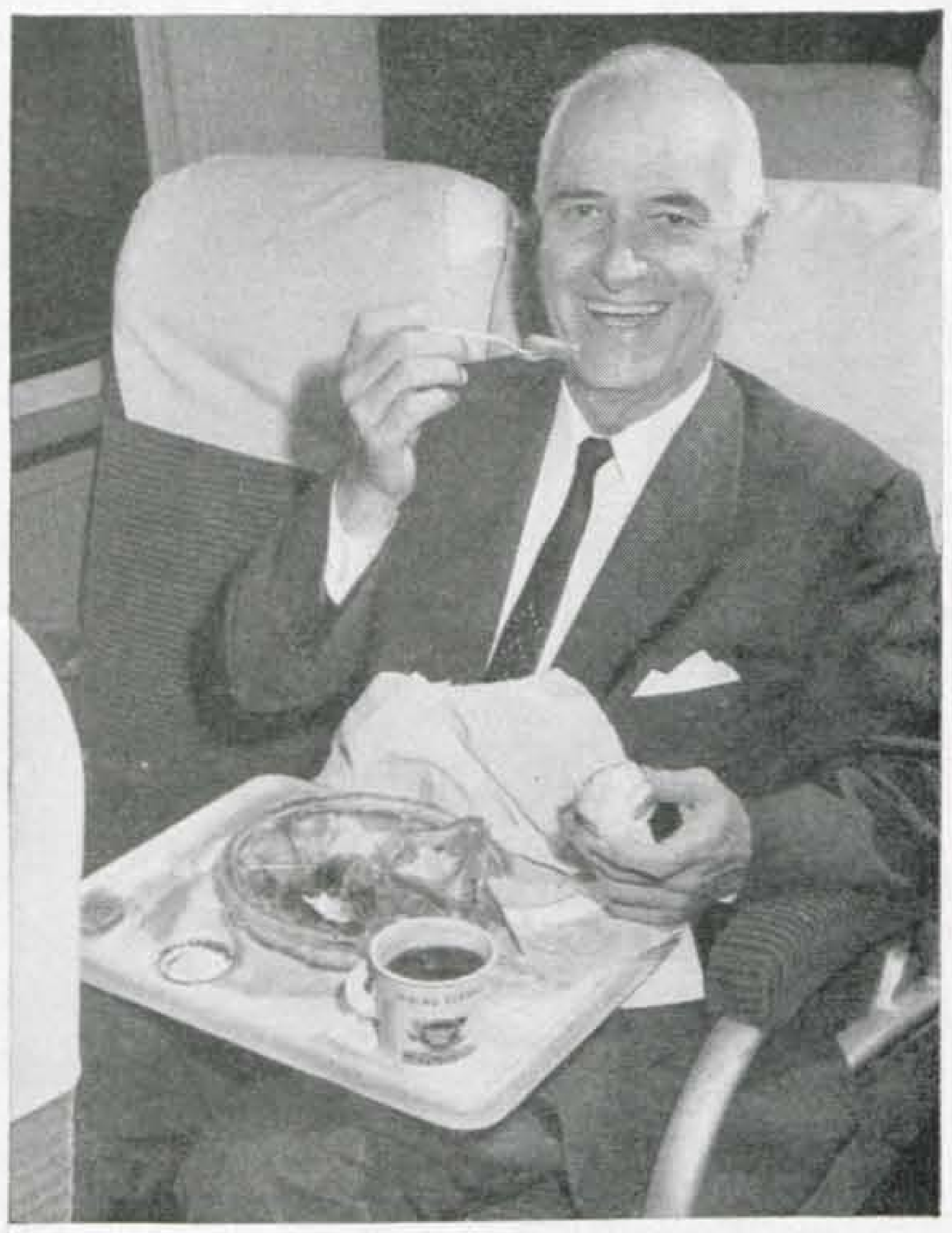
There is no doubt that recent years have been dank, dreary and red-inked for many American railroads. In the newspapers, before congressional committees, at stockholders' meetings, woebegone executives have knocked their foreheads against the wall and bewailed their fate. As a result of this corporate keening, this anguish in high places, the ordinary, sentimental citizen of today is sometimes tempted to tip his hat reverently whenever he passes a railroad terminal.

Is the terminal of today the tomb of tomorrow? The problems of the railroads are difficult and their grievances are real. But the gloomy predictions of high-powered executives themselves and the funereal atmosphere which has surrounded their public appearances have had their public effect. What they sought by dramatizing their troubles, it can be assumed, was relief from onerous governmental regulations. What they seem to have achieved is general acceptance of a doubtful premise—that, in our future economy, railroads will be as extinct as the dinosaur.

Russell L. Dearmont, silver-haired president of the Missouri Pacific, is an outspoken critic of the leaders in his own industry who have espoused the gloom-and-doom approach. The methods used by major Eastern railroads and a few Western railroads to divest themselves of passenger-train deficits strike him as sheer folly.

"We in the industry," he told me in St. Louis recently, "have overworked the crying-towel technique. We're in trouble and we need help. A negative approach is not the way to get it. You know, you visit a sick friend and listen to a sad story, and you are impressed. You listen to it a second time, and you are patient. The third time you don't listen. What the public wants to know is—what are the railroads doing to help themselves? Out here we are doing plenty."

Deficits occasioned by passenger traffic have been a heavy burden since the end of the Korean War. Under the Interstate Commerce Commission formula for apportioning costs, the loss last year was estimated at $610,400,000. This formula has often been criticized as unrealistic, but there seems to be no disagreement that losses today are punishingly heavy. Pres. A. K. Atkinson of the Wabash said in a speech last April twenty-ninth that the rail-

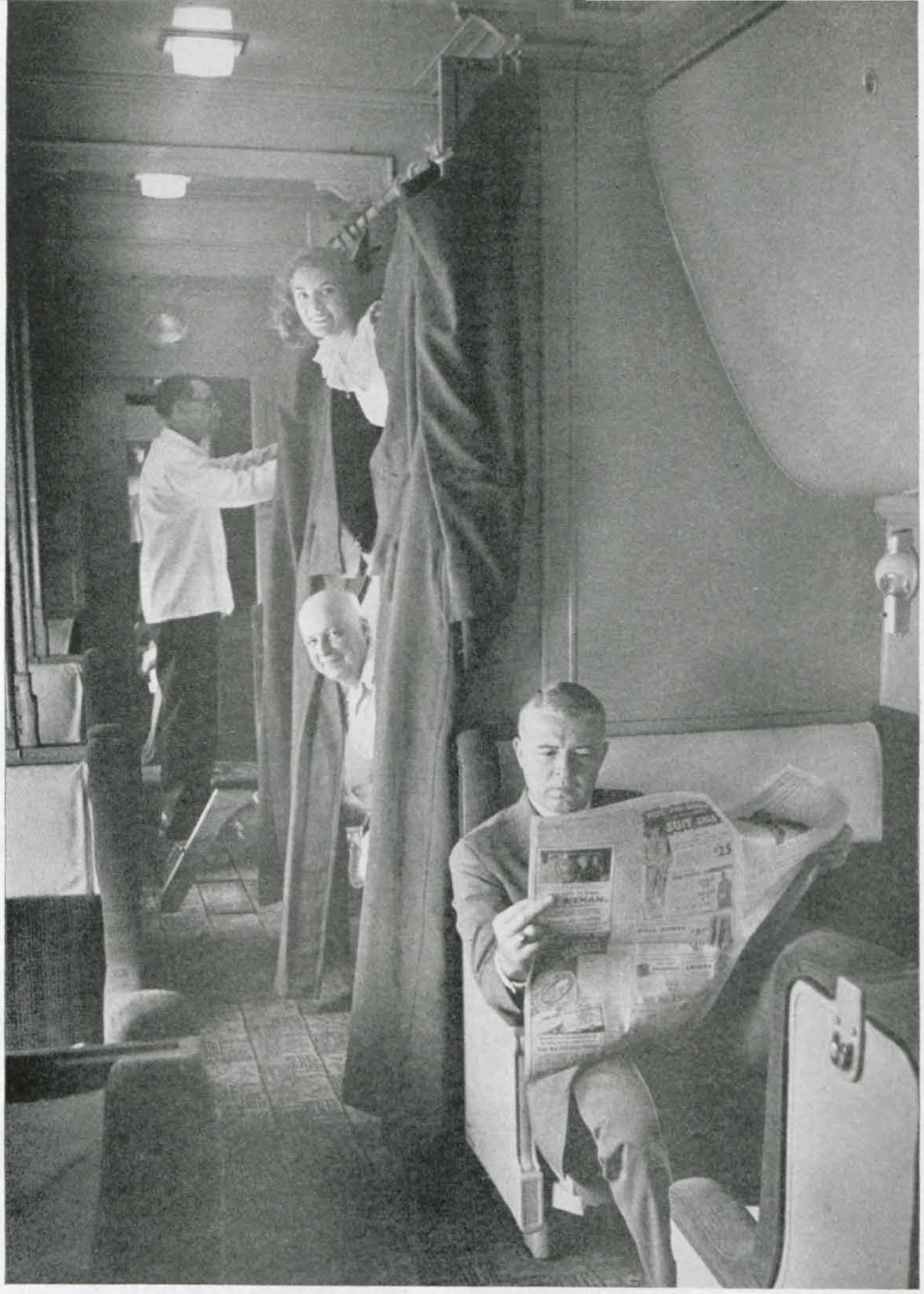


Russell Dearmont, head of the Missouri Pacific. His line serves low-cost "Travel Tray" meals (above) to coach riders allergic to high prices in the dining car.

roads in 1957 spent $1.62 for each dollar grossed by passenger business.

The national recession struck in that year and continued into 1958. Revenues began to show recovery in August last year, and the upward trend continued during the first six months of 1959. Nevertheless the crisis persists. Illustrative of the general ten-year slump are statistics furnished by one busy road, the Rock Island. In 1949 the Rock Island carried 11,930,935 passengers and revenues were $21,132,533. In 1958 it carried 9,318,346 passengers and revenues were $16,585,843.

The No. 1 enemy of the passenger train, as most of us know, is not the airplane or the overland bus, but the passenger automobile. About 90 per cent of all intercity travel in the United States (Continued on Page 140)



On the "Thrift-T-Sleeper" (above), another Missouri Pacific innovation designed to lure customers, holders of coach tickets can get a lower berth for only six dollars, or an upper for $2.50, without paying Pullman fare.

Above: Dome car of the Great Northern's *Empire Builder* in Washington's Cascade Mountains. Despite increased airline competition, "name" trains such as this continue to pay their way.

Left: On the Seaboard's New York-Florida streamliners, registered nurses are on hand to dispense sedatives, baby-sit and comfort the elderly. At center, talking to an expectant mother, is nurse Betty Jo Boyles.

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is by motorcar; the remaining 10 per cent is divided among railroads, airlines and bus systems—and wrangled over like a lonesome bone in a crowded kennel. Here is a dramatic, if not entirely typical, example of motorcar dominance. Yellowstone Park is one of the nation's greatest tourist meccas. Yet, of the 1,442,428 visitors there last year—Park Service figures show—only 15,425 came by air, rail or bus.

It is not the purpose of this article to discuss railroad finances in detail or to weigh proposed measures of relief. It should be mentioned briefly, however, that the rail lines complain that Government regulatory agencies compel them to compete with rival carriers which are directly or indirectly subsidized by the Government itself. They also point out that the railroads pay taxes on their property and rolling stock to every community and school district through which their trains pass. They pay immense taxes on their big-city terminals: $6,600,000 a year for Grand Central and $1,480,000 for Penn Station in New York; $298,000 for Union Station in Washington, and $1,051,075 for South Station in Boston. All these things are contributory to the problem.

It is also an immutable fact that somewhere along the line in the last twenty years the railroads lost contact with the public's imagination. Even with the rise of trucking services and the improvements of waterways, railroads still handle 45 per cent of freight traffic; the latest annual figure for net operating income (after taxes) for freight service alone is $1,645,858,000. Passenger traffic was profitable during World War II when military traffic was heavy, gasoline was rationed, and plane tickets needed a Government priority. But, as in all technical change, the airplane captured the interest of young people; it is a fast and adventurous way to travel. Airline publicists did a voluptuous job of selling, while many railroad executives, indifferent to public opinion, were cutting service and sometimes being arrogant about it.

"Here in the East particularly," wrote George Dixon, the Washington columnist, "most of the railroads seem to feel passengers are unwelcome intruders who should be discouraged at all costs."

As a matter of fact, there are now a dozen roads of varying sizes which carry freight only; best known, probably, are the Rutland, the Western Maryland, and the Virginian. And last year both the Lehigh Valley and the Monon asked the ICC for permission to end their passenger service. The historic Baltimore & Ohio—which operated America's first commercial passenger train away back in 1830—successfully petitioned for permission to discontinue all passenger service on its Washington-New York run. Passenger trains on the hundreds of branch lines which once crisscrossed states and connected hamlet to hamlet are long since vanished, early hit-and-run victims of the automobile. Today the lion's share of the transcontinental business—the plush trade—has gone to the airlines.

Most vociferous about passenger deficits have been presidents James M. Symes of the Pennsylvania, the nation's largest railroad, and Alfred E. Perlman of the New York Central. "I am tired," said Symes a year or so ago, "of carrying passengers at a loss, mail at a loss, express at a loss." From 1948 through 1957 the Central cut its passenger-train miles 41 per cent; since that time the Pennsy and the Central have reduced expenses in diverse ways. Yet the Central operated in the red last year. The Pennsylvania made a small profit: $3,544,000 or twenty-seven cents a share as compared with $19,000,000 and $1.45 a share in 1957.

Congress took a long look at the railroads last year, and in a bill rather extravagantly called the Transportation Act of 1958 hurried up the process by which unpatronized lines could be abandoned. The bombshell was a report made to the Interstate Commerce Commission by an examiner named Howard Hosmer on September eighteenth. His conclusions were arrived at after a two-year investigation at which railroads, state regulatory commissions, Government agencies, freight shippers and receivers were heard.

"If railroad passenger-miles, other than commutation, continue to decline at the average rate of reduction between 1947 and 1957," said Hosmer, "the parlor and sleeping-car service will have disappeared by 1965 and the coach service by 1970. It is possible that some development may stop the decline and stabilize the traffic at some level lower than that of the present time, but no such development is now in sight."

To say the least, this grim prediction shook up a considerable portion of press and public which had been ignorant of or indifferent to railroad problems. Hosmer rather cavalierly consigned the passenger coach to the transportation museum where it would take its place "with the stagecoach, the side-wheeler and the steam locomotive." He predicted further shrinkage in traffic when commercial jet transports would begin to buzz the upper air in five-hour trips from coast to coast.

> Almost the only person who can curb teen-agers these days is a motorcycle policeman.
>
> MAURICE SEITTER

The jets are now with us. Recently a railroad president, Donald J. Russell of the Southern Pacific, flew into Boston by jet liner to attend a stockholders' meeting. He told reporters that the jet age eventually would force the discontinuance of cross-country runs by railroads.

A swing around the country and interviews with scores of working railroaders have convinced me, however, that the passenger coach is still a long way from the dusty museum and that—granted some sort of relief to offset high operational costs—overland travel is here to stay. It is a plain fact that the finest passenger trains in the world operate west and south of Chicago and over some of the finest roadbeds. Most Western railroads, and some Eastern roads, are not trying to discourage passenger business; they are fighting to get it back.

There are almost as many programs as there are points of view. In the main the railroads agree that a heavy amount of long-distance transportation is irrevocably lost to the airplane. Business is now keyed to swift travel, and the businessman who must get to California in a few hours will continue to fly. But there are armies of travelers whose schedules are less urgent, who admit to a distaste for flying, who may even conceal a fear of flying, who have learned to dislike the monotony of empty altitudes, who prefer the changing landscape and the uncramped quarters of today's parlor cars and modern, luxurious passenger coaches.

These are the long-distance customers the Western railroads woo. As a matter of fact, the "name" trains in the West have continued to pay their way in recent years despite plane competition. These include the Northern Pacific's *North Coast Limited*, the Great Northern's *Empire Builder*, the Illinois Central's *Panama Limited*, the Santa Fe's *Super Chief* and *El Capitan*, the Union Pacific's *City of San Francisco*, the Southern Pacific's *Sunset Limited*, and the Rock Island-Southern Pacific's *Golden State*. The very fact that these roads have spent millions of dollars in the last decade for new cars and new equipment—said a rail executive in Minneapolis—would seem to be evidence that they have no real expectation of early obsequies.

A simple slogan for their merchandising tactics could well be, in the words of one advertising writer, "Getting there is half the fun." The *North Coast Limited* was the first to enlist stewardesses as a pleasant additive to passenger comfort; now many Western transcontinental lines—and the Baltimore & Ohio and the Atlantic Coast Line in the East—employ them. Dome cars, magnificent scenery, crew courtesy can convert a long trip—for those not too much in a hurry—into the equivalent of a pleasure cruise. The *California Zephyr* has been operating for ten years now in competition with the increasing speed of airlines. It logs a spectacular 2500 miles over the Burlington, the Rio Grande and the Western Pacific, and every summer is loaded to about 90 per cent capacity.

Medium-distance travel, 100 to 500 miles, is generally agreed to have the greatest potential for profit-making. People now drive these distances by motorcar, but some are tired of traffic troubles, tensions, and turnpike tolls. There are many of these medium runs between populous centers—New York-Washington, San Francisco-Los Angeles, Chicago-Detroit, Washington-Pittsburgh. With proper equipment they are efficient and economical. The Wabash's domed *Blue Bird* makes a round trip between Chicago and St. Louis every day—thus getting 17,000 miles a month from one train. Burlington's Chicago-Twin Cities *Zephyrs*—I rode one recently—make daily round trips over a 437-mile route, getting 26,000 miles a month per train.

The speeds which new equipment and modernized signal systems have made possible is counted on as a solid asset in winning back passengers. The eighty-five-mile trip from Chicago to Milwaukee now takes seventy-five minutes; it is two and one half hours by bus. The Western transcontinental trains have sharply reduced running time. The Pennsylvania has cut the running time of some Washington-New York trains by thirty-five minutes. The Seaboard and Atlantic Coast lines have quickened Florida schedules.

On May twenty-fifth of this year the Interstate Commerce Commission concluded an investigation begun in the spring of 1956; the commission took cognizance of the Hosmer report's delineation of the perils to the rail industry occasioned by passenger-train deficits. The commission recommended steps that can be taken by Federal, state and local governments and the railroads themselves to alleviate the problem. These recommendations will be discussed later.

There is no doubt that the ICC action put a brighter coloration on the industry face which had been glum so long. But, even before, there were a number of leaders who were willing to go all out to scramble for passengers. One of them was Missouri Pacific's Russell Dearmont, chosen in 1958 for his civic enterprise as the city of St. Louis' "Citizen of the Year." In railroad circles he is a controversial figure: At a time when many lines sought and won increased fares from regulatory agencies, he reduced fares. As his critics often point out, he is not an operational railroad man. A lawyer, he served in his younger days as a Missouri state senator, ran unsuccessfully for governor in a Democratic primary. For many years he was an able, persuasive, politically wise general counsel for the Missouri Pacific.

When Dearmont became president two years ago, he started riding his own trains. He wanted more knowledge than he could get from the ledgers; he talked with passengers, conductors and brakemen, and dining-car employees. He found that the coaches were pretty well filled. He was appalled to discover that Pullman cars, carried at much greater expense, often had only two overnight guests.

Dearmont made his calculated first experiment on the M.P.'s Brownsville-Houston run in Texas. The Southern Pacific had already abandoned passenger service there; in competing with the bus lines Dearmont had to provide more service at a comparable price. He did it by offering sleeping-car accommodations at coach-fare rates. The result was a 67 per cent increase in Pullman occupancy and more money in the till. "Maybe it didn't mean much to the industry as a whole," Dearmont told me, "but it was a smoke sign for the M.P." Dearmont next, with a subsequent increase of business, reduced first-class fares from New Orleans to Houston. His most publicized innovation was the so-called Thrift-T-Sleeper which he attached to the crack M.P. *Eagle* trains which operate between St. Louis and Denver-Colorado Springs, and between St. Louis and points south.

The gleaming *Eagles* carry coaches as well as modern parlor and sleeping cars. Dearmont and his staff bought and reconditioned a number of patriarchal Pullmans. One of these Thrift-T-Sleepers is attached to every *Eagle*; here an upper berth can be hired for $2.50 and a lower berth for six dollars. And with no extra fare. In the Pullmans up ahead the cheapest accommodation is a roomette at thirteen dollars, and the occupant must also pay first-class fare. The Thrift-T-Sleepers operate most of the time to full capacity; when space is available, it is hawked through the aisles of coaches.

There is no evidence that the Thrift-T-Sleepers have pirated business from the fancier Pullmans. Repeated surveys among passengers indicate most of them would have spent the night in coach seats if they had not been able to buy cut-rate beds. Pocketbook makes the difference. I questioned the Thrift-T porter on the *Colorado Eagle* about his tips. "Poor take," he said. "These people aren't traveling for pleasure. They're moving to a new job, going home to visit the old folks, or there is a death in the family. They just aren't used to tipping."

Kansas City Southern went a step further. On July 1, 1958, the K.C.S. began honoring coach tickets in all sleeping cars upon payment of the regular Pullman charge. "This was an immediate success," S. A. Watson, passenger traffic manager, wrote me recently. "Statistics are often misleading and difficult for the layman to interpret, but there is one yardstick for infallible measurement—revenue. Even with lower rail fares, we have increased our passenger revenue thirty cents per train-mile, and it continues to increase. We have reduced our Pullman deficit almost fifty per cent."

Pres. W. N. Deramus indicated his faith in the passenger train's future by spending $3,000,000 for new equipment and refurbishing existing equipment. Earlier he had studied declining patronage. The rise (Continued on Page 142)

(*Continued from Page 140*) of automobile traffic was plain enough: the K.C.S. line is paralleled by major highways from Kansas City to New Orleans and Beaumont. Deramus became convinced that, panicked by rising costs, the railroads had priced themselves out of the mass market by successive fare increases. The evidence seemed to him irrefutable that, with each increase, revenues and passenger totals lost ground. He made the decision to cut fares.

"We met the automobile challenge," wrote Watson, "with our Thrift-trip fare of one and nine tenths cents a mile, which is lower than bus fares and much lower than the cost of operating a private automobile. We did not stop there. The dual-fare system is archaic and expensive; we abolished first-class fares. Many roads have Family Plan fares which offer bargain buys four days a week, but, in effect, tell these particular passengers they aren't wanted on Friday, Saturday and Sunday. We made our Family Plan good for any day in the week, and it offers parties of five or more persons a round trip for one-way coach fare. The Family Plan competes with chartered buses and carload automobile travel, and we are competing very well."

The problem of the dining car befuddles all railroads. On both medium runs and long runs the customers must be fed, and, in general, it's an unprofitable operation. The man who travels on an expense account wants steak and roast beef and a variety of choices; even on the crack trains, however, there are travelers who find the prices too high for their budgets. Most railroad executives agree prices are too high—and wish they weren't. But the dining car is immutable: there are labor costs and fixed charges which remain the same whether anyone eats there or not. High prices on the menu and, perhaps more important, fear of high prices keep many coach passengers away.

Several years ago the Wabash placed sample menus on every coach seat; these invited the customers to have a meal or a snack in the dining car—a sandwich for forty cents or a hot special for eighty-five cents. The invitation was so warmly received that the Wabash decided low-cost meals were worth a full-fledged advertising and publicity campaign. What J. A. Barrett, passenger manager, came up with was the "Silver Dollar Dinner." This dinner—and lunch—is available on all Wabash trains except the West Coast domeliner *City of St. Louis*, which is a joint operation with the Union Pacific. Bills of fare change as costs of primary goods change, but on any particular day you might find one of these on the menu: (1) beef stew, (2) spaghetti and meatballs, (3) tuna and noodles, (4) diced turkey, (5) Salisbury steak. During the first six months of the "Silver Dollar Dinner" the number of meals served increased by 12 per cent. Losses from dining-car operation decreased 25 per cent.

The Missouri Pacific has its own plan for low-priced feeding. This is called "Travel Tray Meals"; the serving by tray at the passenger's coach seat is frankly borrowed from airplane practice. Food is cooked in the diner kitchen. The passenger may eat at his seat or in a semisnack bar. Prices are seventy-five cents for breakfast and one dollar for lunch or dinner. Menus change from day to day, but there is only one entree—with fish or meat on Friday. The M.P. started Travel Trays in December, 1957, and served 1059 meals that month; it currently serves about 7000 meals a month. This does not include meals served in the diner, where many coach passengers still prefer to go. M.P. reports that Travel Trays show a slight profit when one attendant can handle the customers. When volume of business requires the cost of a second attendant, the ledger shows a slight loss.

Many other railroads have experimented with low-priced meals, and with conflicting results. The Rock Island tried quickly preparable frozen foods with paper plates and doilies, and subsequently surveyed its passengers. Some 75 per cent—R. E. King, passenger traffic manager, told me—disliked the innovation, disliked tray service, wanted dining-car service and multiple choices on the menu. More aristocratic passengers, amusingly enough, sometimes go for plebeian things. Several years ago the Duke and Duchess of Windsor were passengers on the Rock Island. The company hierarchy carefully put aboard kidneys, for Britain's traditional kidney pie, and the finest aged prime beef. The duke spurned the kidney pie and sent the pedigreed beef back to the kitchen to be ground into hamburger.

Snack bars have long been in service on the New Haven and other Eastern and Western roads. These provide light meals for daytime travelers. Last summer the Santa Fe began to sell "meal coupons" on its all-coach *El Capitan* between Chicago and Los Angeles. This is, of course, the old-time restaurant meal ticket brought up to date, but it does let the apprehensive passenger know just what his transcontinental rations will cost. He pays ten dollars for a ticket which entitles him to five meals. When I interviewed Pres. Ernest S. Marsh in Chicago, the experiment was too new to provide reliable statistics.

The Atlantic Coast Line is also trying the meal-ticket approach—which it calls the American Plan—on the New York-Miami run. A five-dollar ticket entitles the passenger to three meals at a reported 20 to 30 per cent saving on regular dining-car prices. A.C.L. officials say 45 per cent of their passengers are buying American Plan tickets.

One of the most interesting innovations in sleeping travel is the Slumbercoach, developed independently by the Budd Company. It is a stainless-steel eighty-five-foot sleeper which accommodates forty passengers—twenty-four single and eight double rooms—as contrasted with the twenty-two passengers accommodated in a standard Pullman. The C.B.&Q.—the Burlington—bought the first Slumbercoaches in 1956 and has operated them successfully on its Chicago-Denver-Colorado Springs route. The Baltimore & Ohio installed them on its all-coach *Columbian* last year; the *Columbian* operates between Washington, Baltimore and Chicago. Recently the B.&O. bought three more Slumbercoaches for the Baltimore-Cincinnati-St. Louis run.

The Slumbercoaches are popular and have earning power. The private sleeping rooms are built on two levels in a dovetail design. The one-way fare on the Slumbercoach between Baltimore and St. Louis is only seven dollars more than the one-way coach fare. This can be compared with a $15.10 cost above coach fare for a roomette. The Burlington reports 80 per cent occupancy, the B.&O. in its briefer experience 97 per cent occupancy, and long waiting lists for reservations.

Does the Slumbercoach steal business from regular Pullmans? The Burlington's questionnaires add up to a substantially negative answer. Most of those queried had no intention of paying first-class tariff. Some 47 per cent would have spent the night in the coaches; 29.9 per cent would have traveled to the destination by plane or automobile. A B.&O. survey shows that 30.2 per cent would have used other means of transportation if the Slumbercoach had not been available; 23.8 per cent would have traveled by air, 6.4 per cent by bus or private automobile.

A recurrent criticism of railroad management is that its competitive instincts are no longer sharp, that it lacks drive in seeking new business. Yet the Baltimore & Ohio—which, for fear of pricing itself out of the market, did not accept recent Eastern fare rises—assiduously beats the prairies for the tourist trade. The attraction for its hinterland pilgrims is Washington, D.C. The B.&O. shows movies of Washington in schools all over the land, works out special rates and chaperoned expeditions for students and other groups. These Washington excursions annually transport 50,000 persons to the nation's capital and account for about 15 per cent of the company's total passenger revenue.

Passenger managers I interviewed were, when upstairs policy permitted, creative and combative. The solicitous Seaboard has added uniformed passenger attendants and registered nurses to comfort the older people who ride the Florida streamliners. John Barrett of the Wabash devised package deals which moved 30,000 persons by theater train to such productions in Detroit as *My Fair Lady*. Another 60,000 persons have used Wabash trains to attend the *Ice Capades*, Big Ten football games, and crucial baseball series in St. Louis. The Rock Island and the Burlington have capitalized on the historic interest of old towns. They run heavily patronized youth excursions to Ulysses S. Grant's Galena, Illinois, and Mark Twain's Hannibal, Missouri.

Policy on airline rivalry differs. The Northern Pacific chooses to ignore its sky competition. The Great Northern—which shares a jointly owned office building in St. Paul—not too long ago challenged airline claims of cheaper passage to the Pacific. In a series of newspaper advertisements it totted up all railroad costs, including meals, tips and taxis; by G.N. reckoning, rail coach was the thriftiest mode of travel. The Santa Fe has also made public answer to air claims.

The Milwaukee Road has made its transcontinental pitch with the Touralux sleeping car. This is a Pullman-made lightweight sleeper; upper and lower berths can be purchased on coach-class tickets. It is the Milwaukee's contention that a man (*Continued on Page 144*)

NEXT WEEK

THE MYTHS ABOUT THE OAKES MURDER

Why a Famous Criminal Case May be Reopened

By John Kobler

SID GILLMAN, BELEAGUERED BOSS OF THE LOS ANGELES RAMS

IN COLOR:

NO HOUSING WORRY HERE

An Oregon Solution to Postretirement Living

ADVENTURES OF THE MIND, 38:

NATURAL HISTORY OF A STAR

By Jesse L. Greenstein

THE WATERWAY'S NO CINCH

A "Sunday Sailor's" Cruise to Florida

By Dean Jennings

MY FATHER F.D.R.:

THE STRUGGLE BACK FROM HELPLESSNESS

By James Roosevelt, as told to Sidney Shalett

(*Continued from Page 142*) and wife utilizing Family Plan rates and Touralux accommodations can buy roundtrip tickets between Chicago and Seattle on the speed-liner *Olympian Hiawatha* at a cost of $96.69 cheaper than air-coach travel. Average dining-car prices are included in the estimate of cost.

Out in Denver, passenger manager Harold Eno faced a more localized problem: Too many potential customers of his Denver & Rio Grande Western were going to Salt Lake City by air. The D.&R.G.W. operates an overnight streamliner between the two cities. The problem was thorny; air mileage to Salt Lake City is 390 miles, rail mileage 590 miles and over mountains. Because of the mileage, the round-trip rail fare, including lower berth, was slightly higher than first-class air travel and considerably higher than air coach. Eno and the Pullman Company went into a huddle.

Pullman agreed to provide the same accommodations at a moderate reduction. The Rio Grande cut its tariff. But that still left Eno faced with an airline free meal and what he calls "all the hoopla." So Eno provided hoopla of his own. He devised a round-trip meal package. Today the passenger can buy, for five dollars, coupons which entitle him to two dinners and two breakfasts, and his choice of the menu, including steak. (They eat steak.) Later Eno extended his package to absorb a recognized nuisance of rail travel—redcap charges. How has he fared? I telephoned him recently. Patronage of *The Prospector* has increased, diner losses have stayed about the same, and the D.&R.G.W. has won a lot of friends in the West. Eno hopes *The Prospector* will soon break even.

It has seemed to this correspondent that, in recent months, railroad executives are increasingly abandoning their mourning coats. Things are happening fast. President Symes of the Pennsy announced in June that he wanted passenger business and would promote it "where there is an opportunity for enough additional business to support the costs." ICC advocacy of the railroads' case has kept the ball spinning. The waning of the recession has been evidenced in increased revenues, and the anticipation of better times has caused railroad shares to rise on the stock exchange. What is this based on? Well, for one thing, on the agreed inequities of railroad taxation, and the hope they will be remedied. Here is what the ICC said about one state:

> New Jersey leads all the states in the amount of taxes per mile of road which it levies against railroads. In 1956 these amounted to $10,244 per mile, which was more than five times the national average. The railroads have a long-standing grievance against the New Jersey taxing authorities for assessing their property at 100 per cent of value and recognizing a lower basis for other taxpayers.

This was studied at Trenton, and the New Jersey legislature late last summer passed a bill designed to utilize some of the profits from the New Jersey Turnpike—one of the best toll roads in the world—to improve the railroad situation. This bill must be submitted to the voters in a state-wide referendum; bondholders must be protected and their equity insured by state credit. Opposition to the plan is strong, and no one yet can predict the outcome of the referendum.

In New York state the Purcell committee appointed by Gov. Nelson A. Rockefeller recommended state, local and Federal tax relief, and laws have been enacted to reduce state railroad taxes each year for five years. If New Jersey will participate—and perhaps Connecticut—an interstate fund will be provided to buy new equipment which railroads can lease for suburban service. Another form of aid has been pioneered in Philadelphia. There the city subsidized the increase of service and lowering of fares on one suburban line to determine whether more passengers could be lured from the public highways. The experiment continues.

Adequate commuter service is vital to such cities as New York, Philadelphia and Chicago. If all the passengers who ride the Pennsy and the Reading to and from downtown Philadelphia were forced to use their automobiles, there would be confusion and catastrophe. It has been estimated that the city would have to spend $610,000,000 for new expressways and parking areas to accommodate them. The comparable cost in New York City has been calculated at $660,000,000. Many students of the problem believe that, in one form or another, subsidization of commuter service is inevitable.

Here, somewhat telescoped, are the recommendations of the Interstate Commerce Commission for brightening the passenger-traffic picture: (1) repeal of the 10 per cent Federal excise tax; (2) amending of Federal tax law to encourage local and state tax relief; (3) similar relief on an independent state and community basis, and (4) subsidization of unprofitable but essential commuting service. Incidentally, Congress recently cut the Federal excise tax from 10 to 5 per cent, effective July 1, 1960.

The ICC also recommended that railroad management take steps to eliminate duplicate passenger trains and terminals, continue experimentation with new types of coaches, sleeping cars and other facilities, improve the attractiveness and quality of service to stimulate more traffic. It suggested depth studies of schedules and the effect of prices on traffic volume. It also urged on management "systematic, continuous and higher quality advertising and promotion . . . designed to improve public acceptance of rail travel." Throwing a few rocks in its own back yard, but politely, the ICC recommended in stately prose that the Post Office Department and the Department of Defense give the railroads a better break in the handling of mail and the shipment of military personnel.

The earlier Hosmer report singled out the forty-year-old work rules under which railroad labor operates as a cause of passenger losses. Railroad management maintains that "featherbedding"—pay for unneeded workmen and unneeded jobs, and limitation of the amount of work to be done in a day as a means of stretching work—costs more than $500,000,000 a year. Union labor does not agree. The issue is currently important. Three years ago a moratorium on changes in working rules was signed by management and the rail brotherhoods; it expires on October thirty-first, and both sides are bracing themselves for a struggle. Management is bitter because it considers "make-work" obsolete and wasteful. Labor is bitter because 500,000 employees have been dropped from railroad payrolls since World War II.

During World War II the railroads handled 97 per cent of all organized troop movements and the great bulk of civilian traffic. In a future war they would have to do so again, and military experts testifying before congressional committees have all been in agreement on this point. In short, railroads are vital to national defense. Somehow or other they must be maintained. Daniel P. Loomis, president of the Association of American Railroads, may have had this in mind when he spoke before a New York civic group.

"I venture to predict," he said, "that passenger trains will still be running across this continent as long as you and I are alive."