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A HIGH-SPEED PASSENGER RAIL SYSTEM FOR THE UNITED STATES

HEARING
BEFORE THE
JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES
NINETY-SEVENTH CONGRESS
FIRST SESSION

—
JULY 23, 1981
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A HIGH-SPEED PASSENGER RAIL SYSTEM FOR THE UNITED STATES

THURSDAY, JULY 23, 1981

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, at 10 a.m., in room 2359, Rayburn House Office Building, Hon. Henry S. Reuss (chairman of the committee) presiding.

Present: Representatives Reuss, Richmond, and Wylie.

Also present: James K. Galbraith, executive director; Richard Vedder, Chris Frenze, and Robert Premus, professional staff members.

OPENING STATEMENT OF REPRESENTATIVE REUSS, CHAIRMAN

Representative REUSS. Good morning. The Joint Economic Committee will be in order for one of its projected hearings on how to revitalize America.

Today's hearing will have particular reference to our passenger rail system.

For the last century, American enterprise was its railroads in a very real sense. Our trains swept through the country and built the foundation of industrial America. Today, railroads, like much of our infrastructure, are crumbling. Worn out track caused about 8,000 derailments in 1980. From an average of 75 miles per hour in the mid-1950's, the speed of passenger trains has dropped to a nationwide average of 44 miles per hour. The transportation planners in the administration thought for a while that Amtrak was superfluous and they proposed budget cuts which endangers its existence. Happily, that thought has now been put to one side.

Once the preeminent mode of transportation in this country, passenger rail could recapture its past glory if it could supply high-speed, high-frequency service, particularly in our heavily populated transportation corridors.

This is possible only if we overcome the incompatibility of freight and passenger rail service. As it is today, operating on the same tracks, passenger trains have to poke along behind freights at around 20 miles per hour. Superheavy freights also flatten and disfigure the track, thus preventing passenger trains from achieving acceptable speeds without derailing, and the 26,000 grade crossings on tracks used by Amtrak requires substantial reductions in passenger train speed.

To improve matters, Amtrak could acquire its own rights-of-way in at least our 20 principal high-speed transportation corridors. Without the interference of freight service and grade crossings, Amtrak could well be able to initiate frequent, fast, and safe passenger service. That service could soon be electrified, thus saving imported oil and making us independent of OPEC.

Most important of all, revitalizing our passenger railroads would provide an excellent start in reindustrializing America. For the next generation we could busy ourselves making rail locomotives and rolling stock, new track, electrification systems, and the other things needed to redevelop our entire rail system, freight as well as passenger. We could also be making jobs in America. Just as the automobiles helped make the 1920's and television the 1950's, the decade of the 1980's could see an American industrial revival based on the railroad.

There is before Congress the bill, H.R. 4028, introduced June 25 which would direct Amtrak and the Federal Government to proceed in cooperation with State and local governments, with the private sector, the railroads, and with labor, to acquire rights-of-way and operate its own high-speed passenger trains on, initially, the 20 leading corridors, working with the freight railroads in that task, and proceeding as soon as possible to the electrification and grade crossing elimination which are part of any total systems approach.

This hearing is not on the specific terms of H.R. 4028. That will be for the authorizing and appropriations committees, but we hope to look at the general question of revitalizing America via passenger rail.

Today we are privileged to have a blue ribbon group of witnesses. Our first witness will be Mr. Alan Boyd, the very livewire president of Amtrak, who has, I'm happy to say, survived recent troubles, at least in a way which will enable Amtrak to proceed. Following Mr. Boyd, we will hear from a panel consisting of Robert Casey, executive director of the Ohio Rail Transportation Authority; Charles Mapp, executive vice president of Duchossois/Thrall Group, Inc.; Mr. Albro Martin of the Harvard Business School; and James Snyder, chairman of the Legislative Committee of the Railway Labor Executives' Association; and then, finally, we will hear from our strategically placed colleague, Representative Adam Benjamin, Jr., of Indiana, who is chairman of the House Appropriations Subcommittee on Transportation.

All the witnesses, pursuant to the rule, have provided excellent and compendious prepared statements, which under the rule and without objection, will be received into the record. We will ask each witness to proceed in whatever way is congenial to you.

President Boyd, we are delighted and honored that you are with us today. Would you now proceed to tell us where you think we should go?

STATEMENT OF ALAN S. BOYD, PRESIDENT, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

Mr. BOYD. Thank you, Mr. Chairman. I am pleased to be here today to discuss rail passenger service, H.R. 4028, and to thank you for your efforts to strengthen and improve rail passenger service in America.

The need to develop more fuel efficient passenger transportation in a number of intercity corridors has been carefully reviewed by Amtrak in the last few years. Our evaluations show that improved corridor service would attract large numbers of riders and save gasoline. It is important, however, for Amtrak to demonstrate that we can reduce the costs of operating service and increase productivity before we undertake any major service increases. Service expansion is currently constrained by the availability of equipment, supplies, experienced manpower, and capital resources.

It wasn't that long ago—back in the early postwar years—when the railroad industry employed over a million people. Today, class 1 railroads employ some 477,000 workers. I see no reason we cannot, over the rest of this century, generate just as many jobs as we did 30 years ago. To accomplish this, however, Amtrak must first help stimulate a healthy economic climate for rail-oriented industries and, second, reduce its own labor costs to a more manageable size.

The Corporation is taking several steps to do just that.

First, to insure some new blood into an anemic U.S. rail supply industry, we've brought the largest Japanese builder of rolling stock together with a major domestic freight car manufacturer to form a venture to manufacture railcars in the United States. Thrall Car Co. of Chicago and Kawasaki Heavy Industries in Japan have already signed a general agreement to do so if certain conditions are met. We believe this new venture can ensure a competitive domestic industry, create American jobs, and inject Japanese state-of-the-art railroad technology into the United States.

The strength of a modern rail system—be it freight or passenger—is that it can handle growth and expansion far more cost effectively than can highways, waterways, or airways. If anything, Amtrak's basic system is vastly underutilized, especially considering the fixed-capital costs we must incur to provide the basic service Congress has directed. Increased use of this system will produce exponentially higher revenue-to-cost ratios.

Amtrak is moving to serve our current market better by expanding services between major cities in highly populated corridors. By offering fast and convenient service in areas between 100 and 500 miles apart, we can begin to utilize the fixed system already in place. We believe these emerging corridors, which have been listed in H.R. 4028 and studied at length by Amtrak and the Department of Transportation, have great revenue potential for Amtrak.

Implementation of an emerging corridor-type program could provide thousands of new jobs all across the country in each 1 of the 4 years needed to complete the project. Amtrak would then recruit additional full-time employees to run the corridors and provide service that could proudly compete with any rail passenger service in the World.

We have also been studying the profit potential of bullet trains for 1 or more of the 20 emerging corridors mentioned in H.R. 4028. I have just returned from France where I experienced the new French bullet train—the TGV Paris-Lyon train—which will begin running at a speed of 160 miles per hour this September. Last fall, I visited Japan where I rode the famous Shinkansen train. As you know, the

Japanese National Railways operates their Shinkansen high-speed train system at a profit. This profit contrasts with operating deficits of about \$4 billion a year for their conventional train and freight services.

We have studied the financing, operations, and construction of the Shinkansen system in order to see whether the conditions leading to its profitability in Japan exist in the United States. On the basis of our study and extensive discussions with JNR both in the United States and in Japan, we are convinced the Shinkansen profits are real and substantial. Our preliminary conclusion is that bullet trains can also be profitable in this country. If this proves true, American bullet trains should be able to attract private investment, eliminating the need for any direct Federal operating subsidy for this high-speed service.

We are now actively working to confirm our preliminary opinion that American bullet trains can operate at a profit. We are also talking to potential private investors to explore the type of financing which may be available.

I would remind skeptics that we are discussing proven technology and that Amtrak already has some of the high-caliber equipment necessary to provide bullet train service. We have 125 mile-per-hour equipment capability right now in the Northeast corridor. The limitation on such sustained speeds is a limitation of track.

The kind of rail passenger system H.R. 4028 envisions—a strong national network of frequent and fast service along densely populated urban corridors of short to medium length—is a goal that Amtrak supports. Indeed, Amtrak believes the most efficient rail passenger system would be a carefully coordinated mixture of long-distance trains and high-speed rail corridors.

Air travel is becoming increasingly expensive and inconvenient. Smaller automobiles are uncomfortable for long trips, and gasoline will be more and more expensive. The trends are clear: personal travel in this country is going to become far more difficult and more inconvenient by any mode except rail.

In short, over the next few decades, a strong and healthy Amtrak can make the difference between a transportation system that works and a system that doesn't work for a large and growing number of Americans.

A major obstacle Amtrak must overcome if we are to pursue high-speed rail service in America is the crippling load of labor costs we have carried since the day we began. We are making an all-out effort in labor negotiations now underway that would result in a fair day's pay for a fair day's work. Nearly 60 percent of our total costs are for labor. There is, I am happy to say, a growing recognition in the Congress that we need its help in dealing with these costs. Pending legislation before Congress would enable us, for the first time, to engage in meaningful direct negotiations to take over those crew personnel who now operate our trains in the Northeast but are not our direct employees. Both the House and Senate bills would exempt us from State "full crew" laws which now oblige us to carry on our trains crew members we just don't need. In addition, H.R. 4028 provides that high-speed rail passenger service be operated by Amtrak employees.

I cannot overemphasize what an enormous drag these labor losts exert upon Amtrak's abilities to run a railroad efficiently, to expand and prosper, and to create new jobs. As recognized in H.R. 4028, the key to the success of the Japanese bullet trains is their speed, frequency of service, and cost effectiveness. If Amtrak introduced such train service today, relief from current work rules and basis of pay would be essential. For example, many of our personnel receive a full day's pay for every 100 miles they serve.

A successful rail corridors program would significantly increase our revenues and conversely decrease our need for Federal funds. No one wants to reduce dependency on Federal payments any more than does the National Railroad Passenger Corporation. In fact, we have established our own goal of recovering the direct costs of operating routes from the fare box by 1985.

To help accomplish this, we are moving aggressively to diversify our revenue base, generate income from sources other than transportation, and completely eliminate the need for capital funding from the Federal Government.

We have already embarked on several profitmaking enterprises which play up our strengths.

For example, we have, in the process of renovating and maintaining our passenger fleet, built up—virtually from scratch—a strong reservoir of service and maintenance skills and facilities that are in great demand and short supply elsewhere in this country and abroad. We are talking with various mass transit agencies as well as the State of California and the Alaskan Railroad.

In connection with those maintenance activities which have brought Amtrak a rebuilt or new passenger fleet, we have a major training program for apprentices which we think is of outstanding caliber and which we could utilize to provide training for the employees of small railroads and for employees of foreign railroads where the World Bank and others are providing financial assistance and require that training be made available. We think we have a vehicle to do that.

We are also looking to play a major role in downtown redevelopment. We have a number of real estate holdings which we believe we can utilize in conjunction with local communities and private interests in revitalizing the downtown business areas where the railroad station was once the center of the community and now it's part of the ghetto in too many places. We have made a great start in Philadelphia and we believe that this is going to be a pattern for other activities.

Also, we have a requirement for a new communications system on the northeast corridor. It was originally funded in the northeast corridor program and then eliminated by the administration. We have, therefore, gone to private enterprise and are in the process of developing a package now which we believe will provide us with not only our communications requirement but a source of continuing income.

These are some of the commercial activities in which we are involved, I would like to make clear to the committee that we realize that our major business is moving passengers. We are not going to lose that emphasis, but we are trying to reduce through the resources that we have available that can be exploited the requirement for public support for rail passenger operation.

Rail passenger service can, in the years ahead, become one of the great strengths and triumphs of our transportation system and we, Mr. Chairman, are a corporation determined to succeed in the marketplace and provide a rail passenger service second to none in this world.

With the support of Members of Congress such as yourself, who have an enlightened vision of the requirements for the future, I'm confident we will be the success we hope to be. Thank you.

[The prepared statement of Mr. Boyd follows:]

PREPARED STATEMENT OF ALAN S. BOYD

Mr. Chairman, I am happy to be here today before the Joint Economic Committee to discuss H.R. 4028 and to thank you for your efforts to strengthen and improve rail passenger service. The need to develop more fuel efficient passenger transportation in a number of intercity corridors has been carefully reviewed by Amtrak in the last few years. Our evaluations show that improved corridor service would attract large numbers of riders and save gasoline. It is important, however, for Amtrak to demonstrate that we can reduce the costs of operating service and increase productivity before we undertake any major service increases. Service expansion is currently constrained by the availability of equipment, supplies, experienced manpower, and capital resources.

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The Corporation is taking several steps to do just that.

First, to infuse some new blood into an anemic U.S. rail supply industry, we've brought the largest Japanese builder of rolling stock together with a major domestic freight car manufacturer to form a venture to manufacture rail cars in the United States. Thrall Car Company of Chicago and Kawasaki Heavy Industries in Japan have already signed a general agreement to do so if certain conditions are met. We believe this new venture can ensure a competitive domestic industry, create American jobs, and inject Japanese state-of-the-art railroad technology into the United States.

The strength of a modern rail system—be it freight or passenger—is that it can handle growth and expansion far more cost-effectively than can highways, waterways or airways. If anything, Amtrak's basic system is vastly underutilized, especially considering the fixed capital costs we must incur to provide the basic service Congress has directed. Increased use of this system will produce exponentially higher revenue-to-cost ratios.

Amtrak is moving to serve our current market better by expanding services between major cities in highly populated corridors. By offering fast and convenient service in areas between 100 and 500 miles apart, we can begin to utilize the fixed system already in place. We believe these "Emerging Corridors," which have been listed in H.R. 4028 and studied at length by Amtrak and the Department of Transportation, have great revenue potential for Amtrak.

Implementation of an Emerging Corridor-type program could provide thousands of new jobs all across the country in each one of the four years needed to complete the project. Amtrak would then recruit additional full-time employees to run the corridors and provide service that could proudly compete with any rail passenger service in the world.

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The kind of rail passenger system H.R. 4028 envisions—a strong national network of frequent and fast service along densely populated urban corridors of short to medium length—is a goal that Amtrak supports. Indeed, Amtrak believes the most efficient rail passenger system would be a carefully coordinated mixture of long-distance trains and high-speed rail corridors.

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A successful rail corridors program would significantly increase our revenues and conversely decrease our need for federal funds. No one wants to reduce dependency on Federal payments any more than does the National Railroad Passenger Corporation. In fact, we have established our own goal of recovering the direct costs of operating routes from the fare box by 1985.

To help accomplish this, we are moving aggressively to diversify our revenue base, generate income from sources other than transportation, and completely eliminate the need for capital funding from the Federal government.

We have already embarked on several profit-making enterprises which play up our strengths.

For example, we have, in the process of renovating and maintaining our passenger fleet, built up—virtually from scratch—a strong reservoir of service and maintenance skills and facilities that are in great demand and short supply elsewhere in this country and abroad. We are talking with the Alaska Railroad, the California Transportation Department and several Northeast commuter lines about the possibility of doing rail passenger car renovation work for authorities and states in the Northeast and Chicago areas which own or lease rolling stock and locomotives and which don't have their own skilled service people and facilities.

Building on our own certified apprenticeship program, we are developing vocational training programs in railroad operations and manufacturing skills for other public bodies—both here and abroad. We are convinced that such a

training center has a large and growing market—including small railroads, states and transit authorities entering the railroad business, small foreign railroads, and developing countries which are building or expanding rail systems.

We are working with state and local officials to develop a coordinated effort to bring the first comprehensive rail training center to Beech Grove, Indiana. And we are looking forward to working with the State of Indiana in pursuing contracts to provide training in railroad skills to foreign railroad workers.

Another area where Amtrak is looking to play a major role is downtown redevelopment. An aggressive effort is underway at Amtrak to develop our downtown real estate holdings in collaboration with local urban revitalization efforts and business partnerships with private interests. Amtrak owns 632 miles of track, some 2,000 acres of adjacent land, and 91 stations and terminals. We are now moving aggressively to turn these large and valuable properties into moneymakers.

We've made a good start in Philadelphia where we are working with the Carley Capital Group, a national private developer, to put together a multi-million dollar package for our 30th Street Station and the 50 acres of land and air rights we own north of the station. This mixed-use development will include a hotel, major office buildings, restaurants and parking. Private investors—both domestic and foreign—are interested in both equity and debt financing. The City of Philadelphia is also a strong partner. The development will create downtown jobs and tax revenues and generally contribute to the revitalization of an improving portion of downtown Philadelphia. In addition, the project will serve as the model for the development of other promising Amtrak holdings.

Another significant development is the start of construction on a 22 story office building (one million square foot) air rights development at the Amtrak-owned (50 percent) Chicago Union Station with the Tishman Management Corporation.

We have other real estate opportunities as well. We are, for example, seeking to attract a consortium of private investor-users for a new multi-million dollar fiber-optics communications system we need for our Northeast Corridor operations. We bring to the negotiating table a nearly uninterrupted right-of-way between Washington and Boston through New York—an extremely valuable commodity, given the cost and time required to assemble such rights-of-way privately.

These commercial opportunities, combined with our rail passenger business, have the potential for freeing us from dependency on Federal operating and capital funds. They will help create a healthy and thriving rail passenger corporation that serves once more as a fertile source of new jobs and a strong spur to economic growth and urban revitalization.

Rail passenger service can, in the years ahead, become one of the great strengths and triumphs of our transportation system. And we are, Mr. Chairman, a corporation that is determined to succeed in the marketplace and provide a rail passenger service second to none in the world.

Representative REUSS. Well, thank you very much, President Boyd. I congratulate you for what Amtrak, despite terrible obstacles, is doing. I gather from your testimony that the general purposes and provisions of H.R. 4028 are in accord with your own thinking of what would be good for the country.

Mr. BOYD. Yes, sir.

Representative REUSS. Then you believe if we have a truly viable rail passenger system in this country that the rail passenger carrier has to have some sort of general ownership or control over the tracks, over its rolling stock, and over the men and women who operate the trains; is that correct?

Mr. BOYD. Without any question; particularly where we're talking about the corridor operation of multiple daily frequencies.

Representative REUSS. The Northeast corridor aside, you don't own or control the tracks; you don't operate the trains; you don't control the operation in any real sense at all. Is that not so?

Mr. BOYD. That is correct.

Representative REUSS. And until you do, even with the best will in the world, Amtrak cannot be a completely successful and economically viable operation, can it?

Mr. BOYD. That is correct, Mr. Chairman. It's also appropriate, I think, to say that until that happens it's very difficult for Amtrak's management to know whether or not we are able to do the job.

Representative REUSS. I want to congratulate you, too, on doing so many things which are set forth in your testimony and which are over and beyond the call of duty. Because of your work, if this Nation ever does pull itself together—and I'm confident we will—and embark upon the program you and I desire, it won't take Amtrak too long to organize itself. I'm referring specifically to some of the things you're doing about downtown real estate, to the encouragement you have given to the Thrall Co., who we will hear from later; to work out a co-venture with the Japanese rolling stock manufacturer, to the studies you have made of electrification and the studies you have made of grade crossing elimination. On all of those, I think you have made remarkable progress, particularly since no one, in most of those instances, mandated that you do it. You have been ahead of us and I'm proud of you.

Mr. BOYD. Thank you, sir.

Representative REUSS. Would you agree with the language in the proposed legislation that electrification of, at least, busy rail corridors—both passenger and freight—in this country would be a most excellent way of showing our independence from OPEC. And further—since the present method of propulsion burns oil, almost half of which is imported, and since electricity can be made by any number of domestic methods that don't involve imports—that we would be doing a great thing for our national economy and security by moving toward electrification of whatever corridors it proved to be economic to do so?

Mr. BOYD. Yes. There's certainly a threshold below which it would not make sense to electrify, but there are a number of freight and passenger corridors where electrification would serve the purposes which are outlined in your comment. In addition to being energy efficient, it would also be economically profitable to do so.

However, there is the problem from the standpoint of both Amtrak and the freight railroads that the requirement for the front-end investment is something that just cannot be handled at the present time in the private markets, given the financial condition of most of the railroads. I should point out to you that despite our strong support of electrification, it is true that the current administration has eliminated the electrification from the Northeast corridor project which would have electrified the track between New Haven and Boston. So we are sort of stepping backward at a time when we feel we should be moving forward.

Representative REUSS. There's no doubt in your mind, is there, that if the savings of the American public were given proper opportunities and incentives to invest in rail electrification and other rail improvements, that there would be abundant capital to do so? After all, American banks, if you read the papers, are now putting up something like \$35 billion to enable one chemical or oil company,

or one foreign company, to take over another domestic company. It wouldn't cost anything like \$35 billion to get started on a tremendous rail revitalization program, would it?

Mr. BOYD. It would be expensive, but it would not take \$35 billion. I'm not competent to deal in the area of capital formation, but your hypothesis seems to be absolutely reasonable.

Representative REUSS. Looking at another rough hewn cost-benefit study, we are about to spend hundreds of billions of dollars on the military protection of the Persian Gulf oil. This oil makes up just a tiny part of our imports but is a very large part of the oil capacity of some of our friends over in Europe. Could we not insure our own national security at a tiny fraction of the cost of such a military buildup by developing an American-based rail propulsion system such as electrification?

Mr. BOYD. There's no question that that would provide a savings of energy. I'm certainly committed to the belief that petroleum costs are going to continue to rise and I think that to the extent freight and passenger service by rail can be improved you can see a modal shift which would also be an additional saving over and above just the transfer from the existing operations.

Representative REUSS. Congressman Richmond.

Representative RICHMOND. Thank you, Mr. Chairman.

Mr. BOYD, in your testimony you discuss the Japan railroad system. My understanding is that the three major deficits of the Japanese Government are the national health insurance program, the national program of subsidizing the farmers, and then the national railroad system. You sort of indicated that the railroad system in Japan runs at a profit.

Mr. BOYD. The bullet train runs at a profit.

Representative RICHMOND. What seems to cost them so much money? The bullet train, as you say, is incredible. You can actually set your watch by the arrival and departure of the train.

Mr. BOYD. It's clearly profitable.

Representative RICHMOND. From Yokohama to Tokyo is profitable?

Mr. BOYD. Yes, sir. To answer your question of why is the loss so great on the Japanese National Railways, the answer is, by design, by Government policy, the JNR is operating a vast social service, in addition to the operation such as the Shinkansen which is purely an economic service.

Representative RICHMOND. What's the social service?

Mr. BOYD. They are operating passenger and freight trains through towns and hamlets to make transportation available to people on a basis which is totally uneconomic, but which serves a social purpose; in addition to which, Japanese National Railways currently employs some 420,000 people. It is not because the Japanese are inefficient that they have so many people for a relatively small railroad—it is a public policy of Japan to provide employment for a whole variety of reasons.

Representative RICHMOND. Here again, it could be the 140 Liberal Democrat Diet members from the rural areas that force this type of operation.

Mr. BOYD, on Amtrak, what were your sales in earnings last year, for 1980?

Mr. BOYD. Last year our commercial revenues were \$437 million.

Representative RICHMOND. What were your costs?

Mr. BOYD. Our costs were \$1.1 billion.

Representative RICHMOND. So last year you had a deficit of over \$600 million?

Mr. BOYD. Yes, sir.

Representative RICHMOND. What do you plan for this year?

Mr. BOYD. About the same. Our revenues this year will be in excess of \$500 million. Our revenues will be up about 17 percent.

Representative RICHMOND. In other words, you lose pretty close to 50 cents on the dollar?

Mr. BOYD. That's correct, yes.

Representative RICHMOND. Is there any way that that can ever be cut without the Government's continuing to subsidize Amtrak in order to keep Amtrak functioning?

Mr. BOYD. I think the Government will be required to continue providing support for Amtrak. I would like to put this in a context, however, Mr. Richmond, which is that the Government is providing support for every mode of transportation.

Representative RICHMOND. True.

Mr. BOYD. We have indicated—

Representative RICHMOND. I'm not against it. I feel this is a utility that must be preserved.

Mr. BOYD. We have developed for ourselves a goal which is to eliminate any subsidy for the cost of operation—in railroad parlance, govern the railroad, or, in other words, the direct operating costs of the trains—by 1985.

Representative RICHMOND. By then, what would happen to your 50 cents on the dollar figure?

Mr. BOYD. That figure will then be on our total costs somewhere around 37 to 40 cents on the dollar and that will be largely—

Representative RICHMOND. Your revenues will come to about \$2 billion, in other words, by then, and you figure you will have retail sales of \$1.2 billion and then you will have a—

Mr. BOYD. Those figures are a little high.

Representative RICHMOND. I'm just taking inflation.

Mr. BOYD. Right.

Representative RICHMOND. In other words, at optimum conditions, you will need Government subsidies of about 40 percent of your total operations?

Mr. BOYD. That's for 1985, and I'm a little leery about projecting too much beyond that, but our goal is to reach the state where we are looking for Government support for the infrastructure, which is similar to what is provided for buses and trucks and airways and so forth. I can't set a date on that and I can't really give you a percentage of what it will be of our total costs when we get to that stage, but as I mentioned in my testimony, one of the things that we hope to do, one of our goals, is, through this diversification activity, achieve a state where that will cover our capital costs.

Now I should say, just to be comprehensive here, the amount of revenues, the cash flow, that we can generate in diversification activity is not going to provide capital sufficient to pay cash as we have been

doing through appropriations for equipment and things of that nature, but it will be sufficient to carry a major debt service.

Representative RICHMOND. How would that 40 cents subsidy, let's call it, compare with other railroads in the world like the German railroad system, the Italian railroad system, both of which as you know are excellent?

Mr. BOYD. Comparisons are very difficult to make because of the vast differences in structures. The Japanese, as you mentioned, have a loss of around \$4 billion a year. The German railroad is about the same and the French slightly less than that, somewhere between \$3 and \$4 billion.

Representative RICHMOND. In other words, in order to run an efficient railroad to serve passengers in any corridor anywhere in the world, you have to lose money?

Mr. BOYD. That seems to be the case, although, as I do mention in my testimony, we are satisfied that the Japanese National Railway is running the Shinkansen at a profit including a return on their original investment. We believe it may be possible to do that in the United States in one or more places.

Representative RICHMOND. Like Boston to Washington, I assume, or San Francisco to Los Angeles?

Mr. BOYD. Boston to Washington would be a logical place.

Representative RICHMOND. And San Francisco to Los Angeles, I suppose?

Mr. BOYD. Yes, California, the Texas triangle, Tampa to Orlando-Miami, Chicago to Detroit, and Chicago to Cincinnati.

Representative RICHMOND. All of those can be run at a profit?

Mr. BOYD. No, I'm not saying that.

Representative RICHMOND. Break even?

Mr. BOYD. I'm not even saying that. I'm saying we are studying the possibility to see whether or not by a transfer of the Japanese technology of the Shinkansen we could operate at a profit in one or another of those corridors. We do not have the answer to that.

Representative RICHMOND. There's no question that if we had a Japanese system here everybody would use the train in these corridors?

Mr. BOYD. I would be inclined to think so. I don't have any question about that. It's a superior service.

Representative RICHMOND. In my entire life I have never had such a mind-boggling trip such as the one from Tokyo to Yokohama.

Mr. BOYD. You should try the Paris-Lyon train that's going to start in September.

Representative RICHMOND. I will. Tell us a little about the Paris-Lyon train. There again, the French Government is subsidizing this fantastic run?

Mr. BOYD. Well, as a matter of fact, on this new run which will not really be completed for 3 years, the French railroads anticipate a profit. Of course, this is all projection and I certainly am no authority in this area, but I gather, in view of the fact that the recent change in government led to a Communist being named Minister of Transport, there may be some concern as to whether or not the pricing practices which the French railroad had undertaken to adopt will really be permitted.

Representative RICHMOND. In other words, they might cut the prices?

Mr. BOYD. That's a fear I've heard stated.

Representative RICHMOND. I assume the French Government put up the capital for that Paris-Lyon run?

Mr. BOYD. My impression is that the French railroad generates its capital through appreciation and through the issuance of Government guaranteed bonds, many of which are sold in the United States.

Representative RICHMOND. Thank you very much, Mr. Boyd. Thank you, Mr. Chairman.

Representative REUSS. Mr. Boyd, you testified earlier that the administration had first opposed all Amtrak operations other than in the Northeast corridor and you also testified that they had successfully stopped the proposed continued electrification of the Northeast corridor. Is that correct?

Mr. BOYD. Yes, sir.

Representative REUSS. I now show you a copy of the National Geographic magazine for May 1959 which contains a tribute to passenger rail in which the endorser says, "Traveling by passenger rail is one of the happiest habits I've ever acquired. I find passenger rail offers a wonderful opportunity to relax while enjoying service as superb as the surroundings. For six-footers like me, the wide, long length beds assure a good night's rest and during the day I have a private room where I can study scripts or just take it easy as though I were at home," and he goes on and on and adds that he's an enthusiastic passenger rail fan.

I now show you a copy of the May 1959 National Geographic and ask if you recognize the endorser.

Mr. BOYD. Well, I'm actually too young to remember that far back, but I do recognize that very handsome face as being that of the current President of the United States.

Representative REUSS. Ronald Reagan?

Mr. BOYD. Yes, sir.

Representative REUSS. Wouldn't you think it possible that by calling his attention to his manifestly correct views a few years ago on passenger rail that perhaps his attitude toward these systems would warm up?

Mr. BOYD. I would like to think that the President continues to share the view that was expressed in that 1959 ad. I must say, in all candor, that my impression has been through the earlier months of this year when the administration was working so diligently, on its economic program, that really there hadn't been any focusing on rail passenger transportation as a subject, that the focus from my point of view, which was certainly outside the gates of the White House, had been that they have been looking strictly at dollars and not at programs or possibilities of potential environmental aspects or anything of that nature.

Representative REUSS. Wouldn't you think, finally, that an administration which prides itself as being a "can-do," business-oriented, wide open spaces administration, would on reflection take kindly to the kind of revitalizing of America through an approach of rebuilding her railroads?

Mr. BOYD. Yes, sir, I would, and I do, and I really am quite hopeful that when the administration does get around to focusing on this issue that it will have a much more forthcoming attitude.

Representative REUSS. Well, I join you in that hope and express the gratitude of the entire committee for your very valuable contribution today. We wish you and passenger rail good luck. Thank you.

Mr. BOYD. Thank you, sir.

Representative REUSS. We will now ask to step forward Mr. Casey of the Ohio Rail Transportation Authority, Mr. Charles Mapp of Thrall Car Manufacturing Co., Mr. Albro Martin of Harvard Business School, and Mr. James Snyder of the Railway Labor Executives' Association.

Mr. CASEY. Mr. Chairman, as they say in court, may I approach the bench? I have a little gift for you here. I can visualize you on this little cart and Mr. Boyd up on the Amtrak train, the bullet trains that are coming.

Representative REUSS. That's very nice. Thank you.

Starting from your right, let us first hear from Mr. Martin, and I encourage all of you gentlemen to proceed in any way that is comfortable to you. You may either read your prepared statement or hit the high spots; whatever you would like to do.

STATEMENT OF ALBRO MARTIN, LECTURER, GRADUATE SCHOOL OF BUSINESS ADMINISTRATION, HARVARD UNIVERSITY

Mr. MARTIN. Thank you, Mr. Chairman, and thank you for the opportunity to appear here today on something that is a very great personal as well as professional interest to me and to address myself to it in something less than the usual academic manner in which I have to address it most of the time.

There are as many reasons to design and build a nationwide system of high-speed ground transportation facilities in the United States as there will be people who wish to use them to travel quickly, safely, dependably, and cheaply, distances of 100 to 400 miles between major metropolitan centers of the United States in the year 2000. The most important questions to be answered in respect to H.R. 4028, therefore, are whether there will be many such users, and what will be the consequences if we have, by that year, failed to provide them with this superior service.

American long-range planners have a bad habit of assuming that demand for goods and services in the future is an independent variable, which we must either meet or deny ourselves. The truth is that what we assume about the future almost always is the most important factor in making that future come true. If we do not assume a high-speed corridor system, we almost certainly can assume that we will not attain that level of development that requires one. More simply put, we will not much miss the high-speed system if we do not build it. What we will miss will be the busy, prosperous, balanced American society that we could have built with its indispensable help. I would like to interpolate here, Mr. Chairman, a thought that I didn't quite get in here, and that is that every real new innovation in the technique or the art of transporting people in modern times has in

turn created its own market. It has done that very successfully and, in general, each of those innovations has made money for considerable periods of time.

What we will miss, put even more simply, is a revitalized, diversified American industrial society in the Northeast, and a Sun Belt that will escape some similar problems now looming over it. This reindustrialized society is the logical successor to the freewheeling, polluting, labor-strife-ridden industrial world that created the American industrial miracle and had begun to outlive its usefulness by about 1950.

The new industrial America, of course, will spring up everywhere, but it will not necessarily be the optimum America, any more than Houston can ever be the optimum city it might have been if mass transit had been appreciated for its defensive value against use of the automobile as a mass transit substitute. The new industrial society will make its chief investment in people; specifically, in their brains and developed skills. Such a society must be able to move its people around quickly from one place to another within radiuses of roughly 100 to 600 miles.

A leading myth today is that we do this with the automobile. It is true that by far the majority of all trips on the Interstate Highway System are for distances of 100 miles or less. But the fact is that the regular traveling public, which consists primarily of business people, students, members of the Armed Forces, and vacationers, does most of its traveling over 200 miles by commercial airplane. A large proportion—in some cases, a majority—of arrivals and departures even at major hub airports like Chicago, Atlanta, and Dallas-Fort Worth, all of which are just dirty words to the frequent air traveler, are for such short hops. Transcontinental and even transoceanic travelers at our great airports stumble over passengers who are only going, for example, from Chicago to St. Louis. Or they sit white-knuckled in a Boeing 747 over O'Hare with no view of the ground, stacked behind the same people returning from St. Louis. We have already spent billions of dollars to increase the living capacity of airports that we could have spent more intelligently on high-speed ground transportation facilities between important centers.

The future for expanding our corridor highways is even more bleak, and I'm not thinking about oil. We have learned that, especially with trucks careening down the interstates and beating the pavement into a rubble, the productivity of a dollar, in terms of passenger miles, in superhighways is low and falls off very quickly. Many stretches are now being widened or replicated throughout the country. Pretty soon it will be a national issue as to whether new highways should burrow beneath existing airports, or new airports should be built on stilts over existing highways. Either way, the truth is dawning that a transportation system based entirely on airplanes and private cars is not going much of anywhere.

How can I be so sure that investing billions of dollars in a high-speed rail system will cause a better America to emerge by the end of this century than if we do not build it? Because such is the fabulous history of the building of the American railroad system. In the older, settled part of the Nation, the first railroads quickly created the industrial and commercial world that was the pride of most Americans until

quite recently, and the envy of the rest of the world. In the unsettled parts of the Nation, settlers poured in and new cities sprang up to rival the older metropolises of the East. The same principle can still work for us, in an entirely new context. Only the iron horse could have built modern America. Only with high-speed ground transportation can we create the environment and free up the resources necessary to build supermodern America.

Along the way, we should not forget what the corridor system will mean to America's struggling freight railroads, who face an unimaginable burden to carry by the year 2000, a burden no other transport mode even pretends to be able to handle. If loafing along behind a slow freight is frustrating to Amtrak, think what it means to a division superintendent who has to sideline half a dozen freights, carrying a total of perhaps \$100 million worth of high-priority freight, to let an Amtrak train with 75 or 80 passengers slip through at maybe 40 miles an hour. The spirit of H.R. 4028, in respect to passenger and freight railroads, is—and if the committee will pardon an unpardonable pun—"never the twain shall meet," and it is a very intelligent position to take.

I am proud that I have lived long enough to see this most fortunate of nations once more giving evidence that it knows what it wants and what it will take to get it. I was never convinced that we knew what we wanted in the original Amtrak legislation. I am convinced that H.R. 4028, on the other hand, is inspired by a practical yet forward-looking, no-nonsense determination to build something that Americans of the 21st century will never stop thanking us for, just as we ought never to stop thanking the people of 100 years ago who built railroads, not for an existing need but for the future as they envisioned it.

H.R. 4028, as I understand it, limits itself for the most part to a statement of policy that future Federal Government expenditures on rail passenger transportation in the United States should be limited to development of up to 20 high-speed corridors. I might say I get the impression that is the philosophy behind the bill, if it does not specifically say that. It leaves to Amtrak, working with an expeditor to be appointed by the President, the development of policy as to how the corridor project shall be conceived and executed. I believe it is in the intelligent determination of these matters that success or failure lies, and I submit that this is the wrong kind of undertaking to leave in the hands of Amtrak or any other government or quasi-government agency. This is a matter which the most prestigious and public-spirited representatives of the venture capital community, and the young men and women who will one day take their places, will undertake with a verve and know-how that cannot be matched by any other branch of our society—if we give them the green light to exercise their God-given capacity for doing new and great things. It is first of all a matter of opening the door to enterprise, and only secondarily a matter of money. Provide the first, and the money will roll in the door. Unless this issue is settled at the start, we could easily end up with an even more disgraceful failure than the present Northeast corridor project.

I offer the following guidelines which I believe should be spelled out in the initial enabling legislation:

One, long-term investment in the "social capital" aspects of the system—that is, preparation of right-of-way and roadbed, laying of track, building of terminals, and installation of appurtenant signal and switching systems—should be by Government, in which title would be permanently vested. The 90-10 percent sharing between Federal and State Governments, as used in the highway program, should be considered.

Two, rolling stock, working capital, maintenance, and all day-to-day operation, would be the business of a private enterprise "operating company," on long-term contract, with proper safeguards in respect to minimum service and maximum fares, and no limitation as to the profits it is free to make as long as it delivers what we want.

Three, the entire project, including design and construction of the basic right-of-way, should be under the supervision of the operating company as prime contractor, with suitable overview by appropriate Government agencies.

Four, the operating company should be fully recognized as an independent agent, free to make whatever bargains with suppliers and labor it can under free-market conditions, with no favoritism to be shown to either suppliers or labor on the pretext that this is a "government project."

Five, there should be both express—nonstop—and limited local service on the corridor lines, by means of appropriate spacing of express and local runs. And while this may sound like a very prosaic detail to end up here as a caboose, I'd like to say that this is one of many very important practical points that I think will have to be determined very early because it affects the whole basic character of the service that we're talking about.

There are ample precedents for such arrangements between Government and private enterprise. Both the New York subway system as originally conceived, and the railroads of France, to name two, were set up in this manner. This kind of arrangement simply recognizes the pleasant truth—and I say it is a pleasant truth—that only a fraction of the true worth of the system to the American public will be reflected in moneys collected at the turnstiles.

I believe that H.R. 4028 is potentially one of the most important pieces of domestic business to come before the Congress this session, and I thank the committee for inviting me to express myself on this issue. I hope that I shall some day see the high-speed ground transportation system that the bill envisions become a reality. Thank you.

Representative REUSS. Thank you very much, Mr. Martin.

Now, we will hear from Mr. Mapp, whose company is helping provide an industrial link to the railway system.

**STATEMENT OF CHARLES A. MAPP, EXECUTIVE VICE PRESIDENT,
THE DUCHOSSOIS/THRALL GROUP, INC.**

Mr. MAPP. Thank you, Mr. Chairman. I appreciate the opportunity of being here and describing to you the nature of our current interest in rail passenger car manufacturing.

The Duchossois/Thrall Group, Inc., which incidentally is the parent company of the Thrall Car Manufacturing Co. of Chicago Heights,

Ill., has executed an agreement in principle with Kawasaki Heavy Industries of Japan to enter into a joint venture to manufacture passenger rolling stock in the United States. This action is subject to the resolution of certain specified outstanding issues and the assurance of a reasonable expectation of the venture's profitability. Both companies are strongly committed to the quick resolution of these outstanding issues to the extent that it is in their power to do so.

It is the firm belief of both companies that the objective of restoring a competitive passenger railcar manufacturing industry in the United States is in the national interest of the United States. Such a development would create American jobs, permit the expanded use of energy efficient public transportation, improve the balance of trade thereby enhancing the economic relations between the United States and Japan, support a sector of the national economy necessary in times of national emergencies and contribute to the revitalization of an important sector of the U.S. industrial base. In light of these public benefits and in light of the important role played by Government as the customer or financier of most American passenger rolling stock purchases, both companies believe that a close and cooperative effort among DTG, KHI, the Federal Government, Amtrak, and the affected labor organizations is required to permit a new rolling stock venture in the United States to achieve success. It is in this context and conditioned on the expectation of necessary supportive actions by the other affected parties that the agreement in principle was reached.

KHI and DTG are convinced that there is not sufficient passenger rolling stock manufacturing capacity in the United States to meet the market which now exists, let alone the market conditions which they foresee in the future. Some questions remain about whether the necessary conditions can be made to exist to make such manufacturing activity profitable. These concerns focus on the areas of relations with customers, with government, and with labor.

I think I will skip over a portion of the prepared statement to save time.

Representative REUSS. It will be included entirely in the record.

MR. MAPP. Relations with Government are of fundamental importance to the venture. Either through capital appropriations to Amtrak or through capital grants to transit operators, the Federal Government is heavily involved in virtually all passenger rolling stock procurement in the United States.

Therefore, the Federal Government is in a position to play a vital role in fostering continuity in passenger rolling stock purchased and continuity is critical to the security of the venture.

It must be in the interest of the United States to have a healthy passenger car manufacturing industry in the United States in order to insure competitive bids, quality products, and technological improvement. A healthy domestic industry would also help to insure that the expenditure of public funds for rolling stock acquisition would serve not only the immediate objective of providing transportation but also the more basic goal of strengthening the American economy and national interest, and creating private sector jobs. The proposed new venture believes that there are several steps which the Government can take to help make it possible for the new venture to be sufficiently confident of profitability to make the commitment to

enter the railcar manufacturing business in the United States. Typical of such steps is the recognition by the Federal Government of Amtrak as a necessary element of growing importance in the Nation's transportation policy. Congressional support for Amtrak during the present budget deliberations and your Chairman Reuss' introduction of H.R. 4028: "The Rail Passenger Systems Act of 1981," consequently mean a great deal to the venture.

Also, in order to reduce demands on the Federal budget and in order to increase the predictability of purchases, the new venture is undertaking to find methods of financing rolling stock acquisitions as alternates to the traditional "pay as you go" Federal capital appropriations approach. Both private sector funding and other forms of government funding are being explored as alternates to capital grants. Some alternatives may require facilitating actions by the Government. The new venture hopes that such government actions will be forthcoming if necessary.

The joint venture also places very strong emphasis on its relations with labor. High labor productivity will be necessary to make it possible for a company based in the United States to compete successfully with well-established overseas manufacturers and in order to make the rolling stock affordable to customers. The work force must be highly trained to achieve maximum levels of productivity. Therefore, the new venture places a high priority on the recruitment and training of the work force and expects to engage in extensive entry level and upgrading training. The sophisticated nature and demanding quality of modern passenger equipment requires a productive work force possessing high level skills placed in an organizational environment which encourages productivity.

Thank you very much for giving us this opportunity to present these views to you.

Representative REUSS. Thank you, Mr. Mapp.
[The prepared statement of Mr. Mapp follows:]

PREPARED STATEMENT OF CHARLES A. MAPP

The Duchossois/Thrall Group, Inc., of Chicago Heights, Illinois, has executed an agreement in principle with Kawasaki Heavy Industries of Japan to enter into a joint venture to manufacture passenger rolling stock in the United States. This action is subject to resolution of certain specified outstanding issues and the assurance of a reasonable expectation of the venture's profitability. Both companies are strongly committed to the quick resolution of these outstanding issues to the extent that it is in their power to do so.

It is the firm belief of both companies that the objective of restoring a competitive passenger rail car manufacturing industry in the United States is in the national interest of the United States. Such a development would create American jobs, permit the expanded use of energy efficient public transportation, improve the balance of trade thereby enhancing the economic relations between the United States and Japan, support a sector of the national economy necessary in times of national emergencies and contribute to the revitalization of an important sector of the United States industrial base. In light of these public benefits and in light of the important role played by Government as the customer or financier of most American passenger rolling stock purchases, both companies believe that a close and co-operative effort among DTG, KHI, the Federal Government, Amtrak, and the effected labor organizations is required to permit a new rolling stock venture in the United States to achieve success. It is in this context and conditioned on the expectation of necessary supportive actions by the other affected parties that the Agreement in Principle was reached.

KHI and DTG are convinced that there is not sufficient passenger rolling stock manufacturing capacity in the United States to meet the market which

now exists, let alone the market conditions which they foresee in the future. Some questions remain about whether the necessary conditions can be made to exist to make such manufacturing activity profitable. These concerns focus on the areas of relations with customers, with Government and with Labor.

With regard to relations with customers, it is the opinion of the proposed new venture that many of the problems of past rolling stock manufacturers in the United States have flowed from misunderstandings between those manufacturers and their customers, from unreasonable promises having been made by the manufacturer to customers, and/or unreasonable demands made on the manufacturers by their customers or the Government. The financial viability of any rolling stock manufacturing company depends on the reduction of these problems. A good collaborative partnership between the new venture and its various customers is a matter of continuing concern because it is the intention of the new venture to compete in all forms of passenger railcar manufacturing subsequent to acquisition of an initial order. This means the venture will have on-going dealings with a variety of customers. Accordingly, DTG and KHI feel that it is essential that rolling stock manufacturers and their customers recognize the need to collaborate fully throughout the process from the development of car design through acceptance of finished cars and into the warranty period. Contracts with customers must clearly spell out that the customer will work with the new venture to develop final specifications to be used in the prototype car and with any modifications necessary for mass production. Final acceptance of specifications by the customer must occur prior to commencement of material procurement and mass production. A clear basis for determining levels of compliance with specifications acceptable to the customer in the finished product must be established in advance. These performance and product standards must be accompanied by a mutually accepted customer inspection and acceptance procedure. A warranty provision which clearly describes the nature and term of the obligation of the manufacturer and its suppliers is also of major importance.

Relations with Government are of fundamental importance to the venture. Either through capital appropriations to Amtrak or through capital grants to transit operators, the Federal Government is heavily involved in virtually all passenger rolling stock procurement in the United States.

Therefore the Federal Government is in a position to play a vital role in fostering continuity in passenger rolling stock purchases and continuity is critical to the security of the venture.

It must be in the interest of the United States to have a healthy passenger car manufacturing industry in the United States in order to ensure competitive bids, quality products, and technological improvement. A healthy domestic industry would also help to ensure that the expenditure of public funds for rolling stock acquisition would serve not only the immediate objective of providing transportation but also the more basic goal of strengthening the American economy and national interest, and creating private sector jobs. The proposed new venture believes that there are several steps which the Government can take to help make it possible for the new venture to be sufficiently confident of profitability to make the commitment to enter the rail car manufacturing business in the United States. Typical of such steps is the recognition by the Federal Government of Amtrak as a necessary element of growing importance in the nation's transportation policy. Congressional support for Amtrak during the present budget deliberations and your Chairman Reuss' introduction of H.R. 4028; "The Rail Passenger Systems Act of 1981" consequently mean a great deal to the venture. As a further step, for example, using the leverage available to it, the Government should strongly encourage transit operators to employ procurement practices which permit continuity of production and use of standard designs for equipment and whenever possible to pool their procurement. Such procurement practices would result in significant savings in design, engineering, production, and testing costs which could be passed on to the customer. It would permit the inter-change and therefore more flexible use of rolling stock between transit operators. It would permit the standardization of parts and sub-components necessary to the revitalization of the now sick supply industry which is necessary to support rolling stock manufacturers.

Also, in order to reduce demands on the federal budget and in order to increase the predictability of purchases, the new venture is undertaking to find methods of financing rolling stock acquisitions as alternates to the traditional "pay as you go" federal capital appropriations approach. Both private sector funding and other forms of government funding are being explored as alternates to capital grants.

Some alternatives may require facilitating actions by the Government. The new venture hopes that such Government actions will be forthcoming if necessary.

The joint venture also places very strong emphasis on its relations with labor. High labor productivity will be necessary to make it possible for a company based in the United States to compete successfully with well established overseas manufacturers and in order to make the rolling stock affordable to customers. The work force must be highly trained to achieve maximum levels of productivity. Therefore, the new venture places a high priority on the recruitment and training of the work force and expects to engage in extensive entry level and up-grading training. The sophisticated nature and demanding quality of modern passenger equipment requires a productive work force possessing high level skills placed in an organizational environment which encourages productivity.

Thank you very much for giving us this opportunity to present these views to you.

Representative REUSS. Next, Mr. Snyder of the Railway Labor Executives' Association.

STATEMENT OF J. R. SNYDER, CHAIRMAN, LEGISLATIVE COMMITTEE, RAILWAY LABOR EXECUTIVES' ASSOCIATION, AND NATIONAL LEGISLATIVE DIRECTOR, UNITED TRANSPORTATION UNION, ACCOMPANIED BY WILLIAM G. MAHONEY, COUNSEL'

Mr. SNYDER. Good morning, Mr. Chairman and staff. I wish, on behalf of the Railway Labor Executives' Association, to express our appreciation for the invitation to file on the record our comments on such important legislation as H.R. 4028. With the permission of the chairman and to expedite the time, I would like to have our entire prepared statement incorporated into the record and I will just briefly state from the prepared statement.

Representative REUSS. Without objection, the entire prepared statement is included.

Mr. SNYDER. Thank you.

I also want to commend you, Mr. Chairman, for having the foresight to introduce such positive legislation.

My name is J. R. Snyder. I am chairman of the Legislative Committee of the Railway Labor Executives' Association and the national legislative director of the United Transportation Union. My office is located in the Railway Labor Building, 400 First Street NW., Washington, D.C. Right behind me is Mr. William G. Mahoney, counsel to the Railway Labor Executives' Association.

We appear here today to voice support for H.R. 4028, the "Rail Passenger Systems Act of 1981." As you know, this bill seeks to revitalize America's rail system through the development of high-speed rail passenger service in this country's heavily populated transportation corridors.

It seems particularly fitting that we should be discussing this measure as Amtrak marks its 10th anniversary. When Amtrak was created, the Congress was fully aware that a massive Federal financial effort was required to preserve this country's rail passenger transportation. All concerned with the enactment of the Rail Passenger Service Act of 1970 knew that resurrection of our passenger railroad system could not be achieved easily or quickly. During the past decade, however, Amtrak has literally resurrected a system that was initially conspicuous by its dilapidated equipment and, for the most part, inadequate rights-of-way.

Amtrak is proving successful. This is evident in the number of people choosing rail transportation over other modes. In 1980, more people than ever, 21.4 million, rode Amtrak passenger trains. Thus, at a time when air and auto travel were declining, ridership on trains was up 3.4 percent.

Despite this evidence that Amtrak is succeeding, we are all aware that our national passenger railroad system has reached a critical juncture. The United States is one of the few countries in the world, if not the only country, where there is still serious debate over the future of rail passenger service.

Decisions made during the next few years will determine what role our rail passenger system will have in American life in the decades ahead. The past few years have taught us the costly lesson of our dependence on imported oil. Burgeoning fuel costs indicate that the day is approaching, if not already here, that we can no longer depend on the automobile and airplane for our transportation needs. Amtrak has shown that, if given good service and equipment, the public will use passenger trains in large numbers.

Enactment of H.R. 4028 will enable Amtrak to implement the fast and efficient railroad passenger service that is already required by law in a lot of areas. The development of high-speed rail passenger service for our heavy population corridors could even serve as the focal point for this country's reindustrialization. We are convinced that the American public is ready for a change in transportation policy based on energy efficiency. And Amtrak is now better prepared for expansion than ever before.

In my judgment, the April 1981 report on "Rail Passenger Corridors," by the DOT and Amtrak, supports these conclusions. One of the report's most striking findings is the number of jobs that would be generated by developing the 20 specified rail corridors. Thousands of people would find new job opportunities in all sections of our country. The Boston-New Haven corridor, for example, would require 3,719 new jobs. In the South, the Atlanta-Nashville corridor would require almost 2,500 additional employees. Over 4,400 new jobs would be created in the Midwest on the Chicago-Cincinnati corridor. In the Southwest, over 12,000 additional employees would be required for the Texas Triangle corridors. And 3,300 new jobs would be created on the Seattle-Portland corridor in the West. In all, over 60,000 new jobs would be necessary to develop the 20 rail corridors discussed in the report and specified in H.R. 4028. And, Mr. Chairman, this does not take in all of the other jobs that it would create in steel and manufacturing of parts that would require new parts and the making of the equipment. This is not taken into consideration. As I point out, thousands of other jobs would also be required for operation of the corridor service itself. There would be increased employment of engine and train crews, on-board service and maintenance personnel.

This, however, represents only a part of the effect of H.R. 4028 upon the revitalization of the railroad industry. To successfully implement H.R. 4028, as well as the yet unrealized objectives of the Rail Passenger Service Act of 1970, we must make the commitment to a first-class railroad passenger manufacturing industry. Amtrak's fleet today contains only 1,700 passenger cars. A nationwide rail

passenger system, even one encompassing only the heavily populated interurban rail corridors, cannot be served by 1,700 passenger cars. In 1978, Japan had 2,352 high-speed cars on its Shinkansen "Bullet" train system alone. Nationwide, Japan has 26,000 cars for a route structure only half the size of ours. The Soviet Union builds 2,000 new passenger cars every year. France, Great Britain, and West Germany all have over 17,000 rail passenger cars. And Italy has over 10,000 cars.

All of these industrialized nations have good highways, an abundance of automobiles, and modern air carrier operations. All of these countries, however, are building new high-speed passenger systems and operate many times more passenger cars than does Amtrak.

It is time for our country to stop lagging behind in the development of a truly balanced transportation system. This is especially true at a time when this country needs jobs as a basic part of a revitalized economy. And it needs jobs in support of a major industry. The rebuilding of a rail passenger car manufacturing industry could produce one of the greatest employment expansions since World War II.

A commitment to revitalizing our country's passenger railroad system makes good sense. Developing a high-speed rail corridor service will also foster business and employment opportunities in the areas served. This is evidenced by the corridor meetings held by Amtrak around the country along the routes specified in H.R. 4028. Public officials and other members of the respective communities spoke enthusiastically about the economic benefits that development of these rail corridors could have. Many expressed the conviction that renewed rail passenger service would encourage the growth of business and reinvestment in downtown areas, and would greatly increase tourism, in addition to meeting daily business commuter needs.

Nor should we fail to meet the challenge of revitalizing rail passenger service because of its cost. In today's atmosphere of budget cutting, some might ask how we can justify an expansion of Amtrak at this time. The answer can be found in its long-term economic benefits and the alternatives.

Escalating fuel prices make the long-term future of car travel a matter of grave concern. Air carriers are finding that, in the age of deregulation, many of their shorter routes are uneconomical and they are therefore cutting service. It is imperative that rail service be expanded to meet the new demands.

The costs of a national commitment to a balanced transportation system must be put in perspective. In its 1979 annual report, Amtrak stated that, since the end of World War II, Federal subsidies for highways were \$102.8 billion; for airways, \$30.6 billion; for domestic waterways, \$13.3 billion; and for ocean shipping, \$7.4 billion. The total for the railroad industry, both passenger and freight, was only \$5.9 billion. Viewed in this context, it is our lack of financial commitment to the rail industry that is unreasonable.

Maintaining inadequate rail passenger service will eventually cost this country a great deal more than money. At best, it will result in an accelerated depletion of fossil fuels. At worst, it will result in many citizens being unable to travel for pleasure or need.

More than 150 years ago, railroads began to build this Nation. Now, railroads can be the catalyst in this country's revitalization and reindustrialization. We, therefore, urge passage of H.R. 4028.

And we wish to thank you for the opportunity to present our views on this subject and, Mr. Chairman, rail labor stands ready and willing, as we have from the beginning of Amtrak, to help make this hopefully some day a possibility.

Could I elaborate on just one little item here? I want to congratulate the chairman. He didn't take issue with the former witness and I wanted to clear the air on his statement, Mr. Boyd here.

It seems when he comes to Capitol Hill to testify on Amtrak and the rail issues that affect Amtrak he has a great deal to say about the labor costs. Labor costs, as you know, are a major part of any business, but we have made great gains with Amtrak in the labor field. A lot of concessions have been made and at no time in the position of railroad labor—we have one of the finest Federal statutes on the books today and that is the Railway Labor Act for collective bargaining—and Mr. Boyd has not used this.

He comes to the Hill and puts the Congress on the spot to legislate a labor contract, which it does not belong in the Congress. That's the reason for the Railway Labor Act, and I just wanted to clear that part up.

We stand ready and willing to work with any group, Mr. Boyd's group or any of them, under the Railway Labor Act. Thank you very much.

Representative REUSS. Thank you, Mr. Snyder.
[The prepared statement of Mr. Snyder follows:]

PREPARED STATEMENT OF J. R. SNYDER

Mr. Chairman and members of the committee, on behalf of the Railway Labor Executives' Association, its members and the employees of the nation's railroads whom they represent, I wish to express our appreciation for the opportunity to present to you their views on a subject which we are convinced is most vital to this nation's future welfare, not only in terms of our future transportation needs but also in terms of energy conservation, and the creation of jobs. I also want to commend you Mr. Chairman for having the foresight to introduce such positive legislation.

My name is J. R. Snyder. I am Chairman of the Legislative Committee of the Railway Labor Executives' Association and the National Legislative Director of the United Transportation Union. My office is located in the Railway Labor Building, 400 First Street, N.W., Washington, D.C. Accompanying me is Mr. William G. Mahoney, counsel to the Railway Labor Executives' Association.

The Railway Labor Executives' Association is an unincorporated association with which are affiliated the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

- American Railway and Airway Supervisors Association, Division of BRAC.
- American Train Dispatchers Association.
- Brotherhood of Locomotive Engineers.
- Brotherhood of Maintenance of Way Employees.
- Brotherhood of Railroad Signalmen.
- Brotherhood Railway Carmen of the United States and Canada.
- Brotherhood of Railway, Airline and Steamship Clerks.
- Hotel & Restaurant Employees & Bartenders International Union.
- International Association of Machinists and Aerospace Workers.
- International Brotherhood of Boilermakers & Blacksmiths.
- International Brotherhood of Electrical Workers.
- International Brotherhood of Firemen & Oilers.
- International Longshoremens' Association.

International Organization of Masters, Mates & Pilots of America.
 National Marine Engineers' Beneficial Association.
 Railroad Yardmasters of America.
 Sheet Metal Workers International Association.
 Seafarers' International Union of North America.
 Transport Workers Union of America.
 United Transportation Union.

We appear here today to voice support for H.R. 4028, the "Rail Passenger Systems Act of 1981." As you know, this bill seeks to revitalize America's rail system through the development of high-speed rail passenger service in this country's heavily-populated transportation corridors.

It seems particularly fitting that we should be discussing this measure as Amtrak marks its tenth anniversary. When Amtrak was created, the Congress was fully aware that a massive Federal financial effort was required to preserve this country's rail passenger transportation. All concerned with enactment of the Rail Passenger Service Act of 1970 know that resurrection of our passenger railroad system could not be achieved easily or quickly. During the past decade, however, Amtrak has literally resurrected a system that was initially conspicuous by its dilapidated equipment and, for the most part, inadequate rights-of-way.

Amtrak is proving successful. This is evident in the number of people choosing rail transportation over other modes. In 1980, more people than ever, 21.4 million, rode Amtrak passenger trains. Thus, at a time when air and auto travel were declining, ridership on trains was up 3.4 percent.

Amtrak's progress, moreover, is not only manifest in the increased number of rail passengers. Its service quality is also rising sharply. Amtrak's on-time performance is now 85 percent systemwide. Amtrak also reports that its consumer complaints have dropped more than 40 percent. With the advent of new equipment, passenger complaints have dropped by over 80 percent on some routes. In fact, it is most significant that, by this fall, Amtrak expects to have replaced its entire fleet with new or modernized equipment.

Despite this evidence that Amtrak is succeeding, we are all aware that our national passenger railroad system has reached a critical juncture. The United States is one of the few countries in the world if not only country, where there is still serious debate over the future of rail passenger service.

Decisions made during the next few years will determine what role our rail passenger system will have in American life in the decades ahead. The past few years have taught us the costly lesson of our dependence on imported oil. Burgeoning fuel costs indicate that the day is approaching, if not already here, that we can no longer depend on the automobile and airplane for our transportation needs. Amtrak has shown that, if given good service and equipment, the public will use passenger trains in large numbers.

Today, the public interest demands an adequate rail passenger system. Perhaps as Amtrak observes its tenth anniversary, it would be wise to recall the farsighted objectives of the 1970 Act by which it was created: "Congress finds that modern, efficient, inter-city railroad passenger service is a necessary part of a balanced transportation system . . ." Congress mandated that the service provide "fast and comfortable transportation between crowded urban areas and in other areas of the country." Recalling these words, it is discouraging to realize that, despite the increasing popularity of rail travel on existing passenger routes, for the majority of the public in this country's large population centers, Amtrak is not living up to its promise.

Enactment of H.R. 4028 will enable Amtrak to implement the fast and efficient railroad passenger service that is already required by law. The development of high-speed rail passenger service for our heavy population corridors could even serve as the focal point for this country's reindustrialization. We are convinced that the American public is ready for a change in transportation policy based on energy efficiency. And Amtrak is now better prepared for expansion than ever before.

In my judgment, the April 1981 Report on "Rail Passenger Corridors", by the DOT and Amtrak, supports these conclusions. One of the report's most striking findings is the number of jobs that would be generated by developing the 20 specified rail corridors. Thousands of people would find new job opportunities in all sections of our country. The Boston-New Haven corridor, for example, would require 3,719 new jobs. In the south, the Atlanta-Nashville corridor would require almost 2,500 additional employees. Over 4,400 new jobs would be created in the midwest on the Chicago-Cincinnati corridor. In the Southwest, over 12,000

additional employees would be required for the Texas Triangle corridors. And 3,300 new jobs would be created on the Seattle-Portland corridor in the west. In all, over 60,000 new jobs would be necessary to develop the 20 rail corridors discussed in the report and specified in H.R. 4028. Thousands of other jobs would also be required for operation of the corridor service itself. There would be increased employment of engine and train crews, on-board service personnel and maintenance personnel.

This, however, represents only a part of the effect of H.R. 4028 upon the revitalization of the railroad industry. To successfully implement H.R. 4028, as well as the yet unrealized objectives of the Rail Passenger Service Act of 1970, we must make the commitment to a first class railroad passenger manufacturing industry. Amtrak's fleet today contains only 1,700 passenger cars. A nationwide rail passenger system, even one encompassing only the heavily populated inter-urban rail corridors, cannot be served by 1,700 passenger cars. In 1978, Japan had 2,352 high-speed cars on its Shinkansen "Bullet" train system alone. Nationwide, Japan has 26,000 cars for a route structure only half the size of ours. The Soviet Union builds 2,000 new passenger cars every year. France, Great Britain, and West Germany all have over 17,000 rail passenger cars. And Italy has over 10,000 cars.

All of these industrialized nations have good highways, an abundance of automobiles, and modern air carrier operations. All of these countries, however, are building new high-speed passenger systems and operate many times more passenger cars than does Amtrak.

It is time for our country to stop lagging behind in the development of a truly balanced transportation system. This is especially true at a time when this country needs jobs as a basic part of a revitalized economy. And it needs jobs in support of a major industry. The rebuilding of a rail passenger car manufacturing industry could produce one of the greatest employment expansions since World War II.

A commitment to revitalizing our country's passenger railroad system makes good sense. Developing a high-speed rail corridor service will also foster business and employment opportunities in the areas served. This is evidenced by the corridor meetings held by Amtrak around the country along the routes specified in H.R. 4028. Public officials and other members of the respective communities spoke enthusiastically about the economic benefits that development of these rail corridors could have. Many expressed the conviction that renewed rail passenger service would encourage the growth of business and reinvestment in downtown areas, and would greatly increase tourism, in addition to meeting daily business commuter needs.

Nor should we fail to meet the challenge of revitalizing rail passenger service because of its cost. In today's atmosphere of budget-cutting, some might ask how we can justify an expansion of Amtrak at this time. The answer can be found in its long-term economic benefits and the alternatives.

Escalating fuel prices make the long-term future of car travel a matter of grave concern. Air carriers are finding that, in the age of deregulation, many of their shorter routes are uneconomical and they are therefore cutting service. It is imperative that rail service be expanded to meet the new demands.

The costs of a national commitment to a balanced transportation system must be put in perspective. In its 1979 annual report, Amtrak stated that, since the end of World War II, federal subsidies for highways were \$102.8 billion, for airways, \$30.6 billion, for domestic waterways, \$13.3 billion, and for ocean shipping, \$7.4 billion. The total for the railroad industry, both passenger and freight, was only \$5.9 billion. Viewed in this context, it is our lack of financial commitment to the rail industry that is unreasonable.

Maintaining inadequate rail passenger service will eventually cost this country a great deal more than money. At best, it will result in an accelerated depletion of fossil fuels. At worst, it will result in many citizens being unable to travel for pleasure or need.

As we have stated, the other industrialized nations around the world have invested heavily in the rail passenger future. At a time when many are asking what happened to the industrial genius that served to make this nation great, it is time to commit ourselves to providing rail passenger service that is the best in the world.

More than 150 years ago, railroads began to build this nation. Now, railroads can be the catalyst in this country's revitalization and reindustrialization. We, therefore, urge passage of H.R. 4028.

Thank you for the opportunity to present our views on this subject.

Representative RUEFS. I'm going to ask our colleague, Congressman Wylie of Ohio, to introduce the next witness.

Representative WYLIE. Thank you very much, Mr. Chairman. This is one of those days, Mr. Casey, when I really don't know if I'm foot or horseback. The Banking Committee, of which I'm a member, also is meeting at this time on monetary policy, but the distinguished chairman of the Joint Economic Committee did give me the opportunity to introduce you and I really appreciate that.

Mr. Casey is the distinguished executive director of the Ohio Rail Transportation Authority and I know that he does support the bill of the chairman and in that respect, I know that his testimony here this morning will certainly assure its passage.

So with that introduction, you may proceed as you please, Mr. Casey. It's a pleasure to have you here.

**STATEMENT OF ROBERT J. CASEY, EXECUTIVE DIRECTOR,
THE OHIO RAIL TRANSPORTATION AUTHORITY**

Mr. CASEY. I was going to state I was very pleased to see a distinguished member from Ohio up in front of me. Last time I testified here there were two, one from each party, and it was very supportive to see two Ohio Congressmen up there and it's very nice to have you here today.

Representative WYLIE. Thank you.

Mr. CASEY. I'm very happy to testify in support of Congressman Reuss' Rail Passenger Systems Act of 1981. With no pun intended, he is on the right track.

Ohio has been on that track for the past 7 years, and I wish to present to the committee this set of documents which together constitute the phase 2 report of the Ohio high-speed intercity rail passenger program, containing the work of our engineering consultant which I will give to the committee. This is the work of Dalton, Dalton, Newport, an engineering consultant with offices in many places but with headquarters in Ohio.

Representative WYLIE. I will ask when the chairman comes back if we might make these part of the record, not necessarily printed for the record.

Mr. CASEY. It's pretty much there to print.

Representative WYLIE. They will be a part of these proceedings this morning.

Mr. CASEY. The third one, the very large one, contains maps which show the exact corridors for the proposed Ohio high-speed trains. Incidentally, some of them will be on the very medial of the interstate highways.

The bullet trains of Japan and the fast trains of Europe are our inspiration.

Electrified, lightweight trains traveling at 160 miles per hour will carry more than 1 billion passengers annually when the Ohio system is built. The trains will run on continuous welded rail and separated road and rail grade crossings and fencing will keep autos, people, and freight trains out, just as the Interstate Highway Systems are protected.

In Japan since 1964 more than 1.5 billion passengers have chosen the bullet trains over other possible modes of transportation. The

energy savings have been incalculable. But two other facts are more arresting.

In the same span of time, 800,000 Americans have died in highway accidents and millions more have been injured. Not a single passenger fatality has occurred on Japan's Shinkansen line. Not one. I think that safety factor is reason alone to build a high-speed system.

Ohio's trains will link Cleveland, Columbus, and Cincinnati, the 3C corridor. A second line will connect Toledo, Cleveland, and Youngstown across the northern part of the State. More than 65 percent of Ohio's population of 10 million people live within 30 miles of these corridors and our population density incidentally is greater than that of France.

Support for Ohio's ambitious project is running about 3 to 1 in favor of it. In three newspaper polls last year, about 60 to 65 percent of those interviewed said they favored the plan while opposition ran about 20 percent. We expect that Ohio voters will approve a 1-cent sales tax next spring which will finance construction of the system.

Ohio's major manufacturing industries are transportation, primary metals, fabricated metals, and electrical and nonelectrical machinery. All five of these industries, and many more, will be involved. Consider what occurred in Japan.

Construction of the 247-mile Sanyo Shinkansen line meant the following to that country's economy: 219 primary contractors, 500 subcontractors and 550 manufacturing companies were engaged to handle the civil engineering and track work; 346 primary contractors, 500 subcontractors and 1,500 manufacturers were needed for the electrical work; 23 primary contractors and 500 subcontractors manufactured the rolling stock. The project consumed 286,000,000 cubic feet of concrete, 2,450,000 tons of cement, 279,000,000 cubic feet of aggregate, 580,000 tons of steel and iron and 8,930,000 kWh of electricity. Ohio's plans call for a completed system of 547 miles, or more than twice as much as the Sanyo, plus links to Pittsburgh and Detroit.

During the 15-year construction life of our initial project, 46,000 work years of jobs, involving more than 8,000 direct employees, will be created. When the multiplier effect works its way through the economy, job creation will swell to 150,000 work years. The estimated \$5.7 billion construction cost will result in \$20 billion in total economic impact. These numbers don't take into account the 2,700 permanent employees it will take to run the completed system.

Scores of historical and socioeconomic factors shape intercity travel patterns. After business travel, three of the strongest in the Buckeye State are sports, education, and tourism.

Cleveland and Cincinnati enjoy a spirited rivalry between their pro sports teams, and at midpoint along the corridor is Ohio State University. During the 1979-80 season, 615,476 fans journeyed to Ohio stadium in Columbus to see the Buckeyes play Big-10 football.

Representative WYLIE. It seemed like more.

Mr. CASEY. Right. When you're there, it seems like a lot more.

Two of the most popular amusement parks in the United States are in Ohio. Between them, Kings Island and Cedar Point attract 5.2 million visitors yearly.

Yet in its preliminary emerging corridor study, the FRA; and, Congressman Wylie, I hasten to mention this is the FRA of the prior administration, not the present—ranked potential ridership along the 3C corridor 21st of 25 routes studied.

We believe the FRA study is faulty because it does not take into account factors such as high speed, high frequency, and dependability—all unfamiliar subjects in this country's passenger train circles.

We agree that the first four ranked corridors—Los Angeles-San Diego, Philadelphia-Atlantic City, New York City-Buffalo, and Los Angeles-Las Vegas—would emerge at the top of any list. From this point on we do not feel the corridors were looked at in their true potential. The entire report and rankings were on negative aspects, that is, capital cost, cost per passenger mile, ratio of revenue to avoidable cost, et cetera. The only positive ranking was for fuel savings and that was based upon using diesel with no consideration of electrification.

Much of the route on our Cleveland-Columbus-Cincinnati corridor is now at or near capacity with freight operations. Passenger operations could not be scheduled or hoped to maintain reasonable times under these conditions. If this is so on this corridor, what of the rest? The entire emerging corridor study is flawed in this respect.

We find it hard to understand the emerging corridors rationale for offering the people of the United States antiquated, obsolete service at speeds up to 79 miles per hour.

Other States, including California, Florida, and Nevada have expressed keen interest in Ohio's plans. Pennsylvania, Michigan, Indiana, and Illinois have joined Ohio in an interstate high-speed rail passenger service compact, which will promote the concept for regional purposes.

There are other developments of which you should be aware:

One, in December of 1979, at the Muyazaki test track in southern Japan, a prototype magnetically levitated vehicle reached a speed of 309 miles per hour.

Two, at or near the same time a modified Shinkansen "Bullet Train" reached a speed of 197 miles per hour. It will soon go into revenue service.

Three, the French have perfected their TGV vehicle and are waiting completion of new trackage between Paris and Lyon. The 254 mile distance between Paris and Lyon will be covered in 1 hour, 47 minutes, and TGV will reach speeds of 187 miles per hour. Later construction will connect Lyon to Marseilles and TGV service will be extended an additional 300 miles.

Four, the West Germans are deep into research and development of magnetically levitated vehicles which they hope to market internationally by 1985.

Impressive as these overseas railways are, what do they mean to the people of America? The answer is simple, yet it reaches to the very heart of our security, our freedom of travel, our future.

Events of the past few years have proven beyond the shadow of a doubt that our present transportation system is on a collision course with reality. It is a system built upon a foundation of dependence on foreign oil. A foundation that stakes our security on the politics of a

distant, turbulent region. A foundation that chains our mobility to a thin line of tankers stretched halfway around the world. A foundation that crumbled before our eyes during the 1970's and that could vanish altogether in the future as petroleum, once so cheap and abundant, becomes depleted or denied to America through world events such as are now proceeding in the Near East.

With this background, you can see why I enthusiastically endorse Congressman Reuss' proposal for Federal encouragement of a nationwide system.

My only concern is that in placing the system in the jurisdiction of Amtrak, it will come under Amtrak's "seige mentality," which has been conditioned by 10 years of fighting to stay alive, fighting to preserve a minimum network of slow passenger trains, against the wishes of freight railroads, bus company lobbies, and both Democratic and Republican Secretaries of Transportation.

I suggest that instead of Amtrak jurisdiction, a small commission be established to administer the rail passenger systems program and that States and groups of States be encouraged to form authorities, which would build the needed system of high-speed trains. Hopefully, there would be Federal encouragement in the form of loan guarantees, technical advice, and other support. The States can do the job just as they built the Interstate Highways. We do not need an Amtrak bureaucracy in Washington directing the effort. In fact, the effort will be very costly and take much longer if it is assigned to Amtrak.

One of my favorite authors, William Buckley, in a book he wrote a few years ago, said:

I continue to believe that if no one had invented the railroad, and suddenly one were to call a press conference and divulge the idea of a track running in a straight line from city to city on which an enormous engine, an adaption of an automobile, could pull enormous buses at speeds of a hundred miles per hour, the whole country would stop in amazement and every Congressman and Senator would rise in a chorus to appropriate money to make the dream come true.

But railroads are in existence and high-speed railroading is now. It is a state-of-the-art technology that has already been mastered by thousands of railway planners, engineers, and technicians in a dozen or more countries, a responsible business currently being administered by thousands of people—clerks, mechanics, operating employees, sales representatives, reservation clerks, accountants, managers, and executives in Japan, Great Britain, France, Germany, Italy, the Netherlands, Spain, Switzerland, and Scandinavia.

High-speed passenger railroading is a practical, economic, and social tool with the proven ability to perform certain tasks regarded as vital in advanced urban and industrial societies. It's the wave of the future here in America. Let us put it to work for America.

[The prepared statement of Mr. Casey follows:]

PREPARED STATEMENT OF ROBERT J. CASEY

It is a real pleasure to testify today in support of Congressman Reuss' proposal for a Rail Passenger Systems Act of 1981. With no pun intended, he is on the right track.

Ohio has been on that track for the past seven years, and I wish to present to the committee this set of documents which are entitled "Phase Two Report, Ohio High Speed Intercity Rail Passenger Program." This report was produced by Dalton, Dalton, Newport, an engineering firm. You will note that the large booklet

contains maps which show the exact routes of the Ohio project. Some of our routes will be on the median strips of the interstate highways.

On June 12, a major step was taken by the board of the Ohio Rail Transportation Authority (ORTA) when it approved a contract for engineering design of a test track which is to be located north of Warren, Ohio.

ORTA's test track will become a research and development center which will become the prime research facility for high speed trains throughout the country. It will be the heart and brains of a new rail technology industry for Ohio.

We believe a renaissance is in the making, one that will inaugurate a new Golden Age of rail passenger service in the United States. The Bullet trains of Japan and the fast trains of Europe are the inspiration for Ohio's ambitious plan, which holds the promise of becoming a cornerstone in the reindustrialization of Ohio. It will put back to work the now moribund highway construction industry, plus many other industries.

What's underway is the revolutionary plan to link Ohio's principal cities with passenger trains that will approach speeds of 160 miles per hour.

Lightweight, streamlined train similar to Japan's famed intercity Bullet trains will carry passengers, nearly nine million of them, on more than one billion passenger miles of travel annually.

The trains will run on dedicated, continuous welded rails. Separated road and rail grade crossings and fencing will keep autos, people and freight trains away from ORTA's speeding trains, just as the interstate highways are protected.

Service will be first class. Comfort, along with frequency of service, and dependability are key factors in attracting ridership to high speed trains.

In Japan, since 1964 more than one and a half billion passengers have chosen the Bullet trains over other possible modes of transportation. The energy savings have been incalculable. But two other facts are more arresting.

In the same span of time, 800,000 Americans have died in highway accidents and millions more have been injured. Not a single passenger fatality has occurred on Japan's Shinkansen line. Not one.

Ohio's system will be electrified, and thus independent of imported oil. The state has vast coal fields, and our utilities can meet the electrical needs of a high speed railroad with ease.

ORTA's trains will link Cleveland, Columbus and Cincinnati, the 3c corridor. A second line will connect Toledo, Cleveland and Youngstown across the northern part of the state. More than 65 percent of Ohio's population of ten million people live within 30 miles of these corridors.

Ohio's detailed passenger planning began in 1977, when planners identified 19 combinations of facilities, everything from gravity vacuum/tube vehicles to conventional Amtrak service. Those systems that were technologically impractical were discarded. Ten service packages based on four maximum speeds remained. Interestingly, computer modeling showed that as speeds increased potential ridership did too.

Support for Ohio's ambitious project is running about three to one in favor of it. In three newspaper polls last year, about 60 to 65 percent of those interviewed said they favored the plan while opposition ran about 20 percent. We expect that Ohio voters will approve a one-cent sales tax next spring, which will finance construction of the system.

Early in 1980, the package calling for electrified trains and 160-mph service emerged from three years of study and public comment as Ohio's choice. Dalton, Dalton, Newport has decided to proceed on that basis.

The project comes at a time when the boost it will give the state is vital. Ohio has been losing jobs and industry for more than a decade.

How would a high speed rail passenger system help the economy? For starters, the project is about on the scale of the Alaskan pipeline.

Ohio's major manufacturing industries are transportation, primary metals, fabricated metals, electrical machinery and nonelectrical machinery. All five of these industries, and many more, will be involved. Consider what occurred in Japan.

Construction of the 247-mi Sanyo Shinkansen line meant the following to that country's economy: 219 primary contractors, 500 subcontractors and 550 manufacturing companies were engaged to handle the civil engineering and track work; 346 primary contractors, 500 subcontractors and 1,500 manufacturers were needed for the electrical work; 23 primary contractors and 500 subcontractors manufactured the rolling stock. The project consumed 286,000,000 cubic feet of concrete, 2,450,000 tons of cement, 279,000,000 cubic feet of aggregate, 580,000

tons of steel and iron and 8,930,000 KWH of electricity. Ohio's plans call for a completed system of 547 miles, plus links to Pittsburgh and Detroit.

During the 15-year construction life of ORTA's initial project, 46,000 work years of jobs, involving more than 8,000 direct employees, will be created. When the multiplier effect works its way through the economy, job creation will swell to 150,000 work years. The estimated \$5.7 billion construction cost will result in \$20 billion in total economic impact. These numbers don't take into account the 2,700 permanent employees it will take to run the completed system.

Unlike Amtrak trains, which run across Ohio east to west, ORTA's trains well move north to south, linking our great cities, which Amtrak does not do.

Scores of historical and socioeconomic factors shape intercity travel patterns. After business travel, three of the strongest in the Buckeye State are sports, education and tourism.

Cleveland and Cincinnati enjoy a spirited rivalry between their pro-sport teams, and at midpoint along the corridor is Ohio State University. During the 1979-80 season, 615,476 fans journeyed to Ohio stadium in Columbus to see the Buckeyes play Big-10 football.

Two of the most popular amusement parks in the United States are in Ohio. Between them, Kings Island and Cedar Point attract 5.2 million visitors yearly.

Yet in its preliminary Emerging Corridor Study, the FRA ranked potential ridership along the 3C corridor 21st of 25 routes studied. ORTA believes the FRA study is faulty because it does not take into account factors such as high speed, high frequency and dependability—all unfamiliar subjects in this country's passenger train circles.

We question the validity of some of the assumptions used in the Emerging Corridors Study. It has been our experience that each corridor has its own attributes and problems and thus require a unique operating scenario.

We agree that the first four ranked corridors (Los Angeles-San Diego; Philadelphia-Atlantic City; New York City-Buffalo; and Los Angeles-Las Vegas) would emerge at the top of any list. From this point on we do not feel the corridors were looked at in their true potential. The entire report and rankings were on negative aspects, i.e., capital cost, cost per passenger mile, ratio of revenue to avoidable cost, etc. The only positive ranking was for fuel savings and that was based upon using diesel with no consideration of electrification.

The first major difference between Ohio's position and that of the Emerging Corridors Study is that Ohio is looking at the needs of its populace in an overall transportation system and not that of just "what will it cost for rail service." Where would our interstate highway system be today if it was costed out on return on investment?

Further dissimilarities between concepts occur in the operational environment as evolved by Ohio and those advocated by Amtrak. Ohio looked at travel specifics between city centers as to the populace to be served, what is their present transportation mode, what is their access, what will be their access to rail, what transportation mix will be needed for this access. In general terms, who wants to go where and when do they wish to depart and arrive. From this we tailored our schedules and corridors to meet people needs, not just arbitrarily assigning 3 or 6 round trips per day as was done in the Emerging Corridors Study.

This tailoring of schedules gave us more realistic patronage figures as well as a more in-depth view of the transportation needs of the populace. It also, raised the question: "Can existing trackage support the needed schedule as to performance and safety?" The answer to both became an emphatic NO!

Much of the route on our Cleveland-Cincinnati corridor is now at or near capacity with freight operations. Passenger operations could not be scheduled or hoped to maintain reasonable times under these conditions. If this is so on this corridor, what of the rest? The entire Emerging Corridors Study is flawed in this respect.

For this reason and for the paramount issue of safety, Ohio opted for dedicated right-of-way for its proposed system. For operational capability, maintenance cost, scheduling and maintaining the schedule, signaling conflicts, design criteria and safety, the dedicated right-of-way for exclusive passenger train movements is superior and more economical in the long run.

We find it hard to understand the Emerging Corridors rationale for offering the people of the U.S. antiquated, obsolete service at speeds up to 79 mph. America had this in the 1930's and 40's! It's time we turn to the future and joined the rest of the world in the matter of passenger rail transportation.

Other states, including California, Florida and Nevada have expressed keen interest in Ohio's plans. Pennsylvania, Michigan, Indiana and Illinois have joined Ohio in an interstate high speed rail passenger service compact, which will promote the concept for regional purposes.

There are other developments of which you should be aware:

1. In December of 1979, at the Miyazaki Track in Southern Japan, a prototype magnetically levitated vehicle reached a speed of 309 mph.

2. At or near the same time a modified Shinkansen "Bullet Train" reached a speed of 197 mph. It will soon go into revenue service.

3. The French have perfected their TGV vehicle and are waiting completion of new trackage between Paris and Lyon. The 254 mile distance between Paris and Lyon will be covered in 1 hour, 47 minutes, and TGV will reach speeds of 187 mph. Later construction will connect Lyon to Marseilles and TGV service will be extended an additional 300 miles.

4. The West Germans are deep into research and development of magnetically levitated vehicles which they hope to market internationally by 1985.

5. Many British trains today exceed 100 mph in speed and the Advanced British Passenger Train (APT) is designed to run at 160 mph.

Impressive as these overseas railways are, what do they mean to the people of America? The answer is simple, yet it reaches to the very heart of our security, our freedom of travel, our future.

Events of the past few years have proven beyond the shadow of a doubt that our present transportation system is on a collision course with reality. It is a system built upon a foundation of dependence on foreign oil. A foundation that stakes our security on the politics of a distant, turbulent region. A foundation that chains our mobility to a thin line of tankers stretched halfway around the world. A foundation that crumbled before our eyes during the 1970's and that could vanish altogether in the future as petroleum, once so cheap and abundant, becomes depleted or denied to America through world events.

Yet there is a solution, as our allies throughout the world have proven so dramatically. In fact, outside of North America, no developed country has ever deserted its railroads. Instead they have created a dazzling technology that provides unrivaled speed, comfort, safety, and reliability in intercity travel. And it is travel that is totally independent of oil.

With this background, you can see why I enthusiastically endorse Congressman Reuss' proposal for Federal encouragement of a nation-wide system.

My only concern is that in placing the system in the jurisdiction of Amtrak, it will come under Amtrak's "seige mentality", which has been conditioned by ten years of fighting to stay alive, fighting to preserve a minimum network of slow passenger trains, against the wishes of freight railroads, bus company lobbies and both Democratic and Republican secretaries of transportation.

I suggest that instead of Amtrak jurisdiction, a small commission be established to administer the Rail Passenger Systems Program and that states and groups of states be encouraged to form authorities, which would build the needed system of high speed trains. Hopefully, there would be Federal encouragement in the form of loan guarantees, technical advice and other support. The states can do the job just as they built the interstate highways. We do not need an Amtrak bureaucracy in Washington directing the effort. In fact, the effort will be very costly and take much longer if it is assigned to Amtrak.

One of my favorite authors, William Buckley, in a book he wrote a few years ago, said: "I continue to believe that if no one had invented the railroad, and suddenly one were to call a press conference and divulge the idea of a track running in straight line from city to city on which an enormous engine, an adaption of an automobile, could pull enormous buses at speeds of a hundred miles per hour, the whole country would stop in amazement and every Congressman and Senator would rise in a chorus to appropriate maney to make the dream come true."

But, railroads are in existance and high speed railroading is known. It is a state-of-the-art technology that has already been mastered by thousands of railway planners, engineers and technicians in a dozen or more countries, a responsible business currently being administered by thousands of people—clerks, mechanics, operating employees, sales representatives, reservation clerks, accountants, managers and executives in Japan, Great Britain, France, Germany, Italy, the Netherlands, Spain, Switzerland and Scandinavia.

High-speed passenger railroading is a practical economic and social tool with the proven ability to perform certain tasks regarded as vital in advanced urban and industrial societies.

Let's put this tool to work for America!

Representative REUSS. I appreciate your being here and Ohio is doing great things. I have some questions about it. Where are you going to get your rolling stock?

Mr. CASEY. Well, hopefully I can talk to the gentleman seated over here to my right today and persuade him to move that factory a few cubic feet over so it's inside the borders of Ohio, because I'm convinced our legislators will have a requirement that we have to purchase in Ohio first.

Representative REUSS. Well, tell them for me they are doing a good job in Ohio, but also remind them that since the Articles of Confederation popped out in 1787, we've sort of adopted a view that it's better for Ohio to buy some things in Illinois and vice versa and for you both to buy in Wisconsin. It works out good.

But the general principle in which labor and management and academia and the operators all agree is that America needs in the next decade some dynamic new industrial chorus and what better than something which will transport people and goods quickly, safely, and economically from place to place in a way which can revive our society, make jobs and in the bargain allow us to thumb our nose at OPEC.

Mr. CASEY. That's the main point.

Representative REUSS. Those things you are doing and that's very good.

In your testimony you made the point that Amtrak is, of course, somewhat beleaguered. The poor souls have to spend half their time fighting off borders and trying to survive, and you therefore suggested that this new system's approach to rail revitalization be entrusted to a new board.

Well, in fact, in the bill which we have before us, H. R. 4028, there is a provision for a very high level super Amtrak coordinator; namely, a Presidential rail corridor development expediter, somebody right in the President's office at his right hand.

The advantage of one person rather than a board is that if things go wrong you know who to fire and if things go right you know who to praise, whereas with a board it's easy to diffuse responsibility.

So don't you think that the high level Presidential expediter might be able to do the job?

Mr. CASEY. Well, I would see divided authority still, however, because you would have the Amtrak board and you still have FRA and you have the Presidential adviser, and you're still going to have a great deal of divided authority.

I think you have to look to your model to see how the interstate highways were built in this country. I think the interstate highways were built by the States but with coordination from the Federal Government, of course, some financing by the Federal Government, and the great support and help of the Federal Government.

Representative REUSS. I will concede that more thought needs to be given this point of how do you make it work. On that issue, Professor Martin had some constructive things to say, too. Professor Martin is concerned that there should be at the top level of this

authority some prestigious and public spirited representatives of the venture capital community and the young men and women who will one day take their places—well, I agree.

Mr. MARTIN. They are the ones that will do the work.

Representative REUSS. They are the energizers and we need them. Maybe this bill needs to accommodate your ideas. Too, I think we all agree in principle that it needs high level, visible, and responsible nonbuckpassing direction. That much is true, isn't it?

Mr. MARTIN. Yes. Could I make just one statement there, Congressman?

Representative REUSS. Yes.

Mr. MARTIN. It seemed to me for a long time that government is at its best when it is defining as definitively as it can what it wants from the rest of us and in monitoring the extent to which it is getting that from the rest of us. If it gets into the actual nuts and bolts of an enterprise, an ongoing thing, where very often very autocratic decisions and quick decisions are involved, decisions that may be highly controversial at the time, it loses efficiency rapidly. And that is the feeling and the philosophy behind my remarks today.

Representative REUSS. The Joint Economic Committee has been doing some interesting studies of how things get done by government and industry to provide transportation in Japan, in the Federal Republic of Germany, and in France particularly. I think the conclusion of our researchers is that it does take an ad hoc, common-sensible, each case on it's own, approach, and that's what we're trying to develop as a result of these hearings.

Mr. Casey, I think you did a good incidental job in your testimony in showing that the 20-corridor ranking by the Federal Railroad Administration, while helpful, is not necessarily the last and only word, that even if you don't run a gambling casino it might be useful to have a passenger rail service. I notice that two of the four best are dependent—Philadelphia-Atlantic City and Los Angeles-Las Vegas—on those segments of our society that would sooner pay their sales tax to the gambling house operators rather than on a more uniform basis to the Ohio State Sales Tax Authority.

Well, that's one way of doing it, but I'm not sure it's the best way.

Mr. CASEY. Mr. Chairman, I would like to mention there that I think our premise in Ohio is that slow diesel trains on freight railroad tracks cannot work, and I think Mr. Boyd has been quoted as saying this many times. The only way that Americans are going to accept trains is if they are on time and they are efficient and they are fast and they are high speed. The only way to get that is by having our own tracks separate from the freight railroads which we control, which we can build with superelevation to accommodate the high-speed turns of trains and so forth, and electrified.

Without those—and so therefore, that's why we think the emerging corridors report is for naught, because it does not consider those factors.

Representative REUSS. In your statement, Mr. Martin, you referred to the composition of the traffic of airlines. You made the point that a large proportion, in some cases a majority, of arrivals and departures even at major hub airports like Chicago, Atlanta,

Dallas-Fort Worth, are for short hops. Do you have any statistical documentation that you can furnish for the record?

Mr. MARTIN. I have to confess, sir, that's highly impressionistic. I'm not an expert in airline transportation, but I think airport by airport they certainly have flow studies and certainly arrival and departure studies that could document that quite well. I'll look into getting that from an authority.

Representative REUSS. When you get back to Cambridge, take a look at your office cubbyholes and see if you can perhaps document that.

Mr. MARTIN. I'm sure there's some work on that.

Representative REUSS. I think you're right, but I would like to be sure of it. You also made what seems to me an interesting point in your statement. We do a lot of quarreling in the country today about the Cold Belt and the Sun Belt. Sometimes it approaches the level of a civil war, which I regard as a diversion of energies from what ought to be done. I think you point out that passenger rail is just what the doctor ordered for both, the old declining Cold Belt, which needs a shot in the arm, and for the new, dynamic, but about to strangle in its own traffic, Sun Belt. And there's certainly nothing wrong in espousing a program which is good for everybody rather than just quarreling over the Sun Belt and the Cold Belt. Would you agree?

Mr. MARTIN. Yes. The problems of the Frost Belt will be the problems of the Sun Belt in 20 years or perhaps sooner in some places. I don't like to pick on Houston, but it seems to me they're winding up for some big problems before the end of the century.

Representative REUSS. Mr. Mapp, I listened to your testimony with great interest. Would you agree with this proposition: There are companies like yours which are now on the verge of making innovative agreements to import into this country foreign technology in rail rolling stock and equipment, stock and equipment to be made, however, by American workers and in American factories. Would you agree that the success of your bold endeavor would have its chances measurably increased if the Nation did embark upon a combined public sector-private sector program of seeing that we catch up with France, Japan, Germany, and many other foreign countries in our passenger rail so that there would be an assured demand for your product?

Mr. MAPP. That's exactly correct, Congressman. We are obviously very much concerned about the ongoing demand for the equipment. The project wouldn't be at all viable unless the demand was ongoing.

Representative REUSS. Mr. Snyder, I was very interested in your total testimony, including your observations on some things that Mr. Boyd had to say about rail labor. You certainly are in a position to say what you had to say.

If we are going to launch this new program, I think we need—just as we need to heal the divisions between the Sun Belt and the Cold Belt—to get labor and management, whether the management is public or private, working forward together.

I'm a long way from being an expert on rail labor, but don't you think it is possible to work out arrangements in the future so we can all move forward together and so that rail labor can enjoy a

good wage, good working conditions, and still make a maximum contribution to the efficient and economical operation of American passenger rail? Is there anything antithetical between those two?

Mr. SNYDER. No, Mr. Chairman. Being some 40 years in the industry in one of the richest railroads in the country, the Southern Railway, and serving in all capacities, from a little old brakeman right up to passenger conductor, rail labor stands ready and willing to do this.

The only thing that I would caution, we never have been very successful in the Congress—and you have been very good in this area over the years—of legislating labor agreement in the Congress. I think in this era we have sufficient laws on the book—the Railway Labor Act that has done, we think, an excellent job. We have had fewer strikes in the railroad industry than any other industry. The last 2 years, through the Labor Department statistics, the railroad labor has the highest productivity of any workers in the country. The coal miners rank second. So with this track record, we think that the job can be well done and we stand ready to do the job, and this is what I would caution Mr. Boyd about here. He has never used the Railway Labor Act. He comes up here and a lot of changes have been made. We have been part of those changes and really it hurts labor to hear this before the Congress, when we know and as you know, Mr. Chairman, rail labor from the inception of Amtrak in the 1970's—the record shows that we spent a considerable amount of the membership's money, a considerable amount of time and effort, in sitting down with the Congressmen and Senators when the railroads wanted no part of a passenger train system. Hardly anybody around wanted a part of it because it was in such bad condition.

So, with help like yours and other good Congressmen around here, that's the reason we have Amtrak around today, and it has improved and we hope it continues to improve. What you need here is a future for this country and I'd like to play a major part in this as we go because in your foresight we are 10 to 15 years behind now, Mr. Chairman, in good bullet passenger train service in this country. The country is growing faster and our transportation policy—we're the only country in the world that doesn't have a transportation policy. You're headed in the right direction with this type of legislation. We would be right there to help you make it a reality.

Representative REUSS. Thank you very much.

Congressman WYLIE.

Representative WYLIE. Thank you very much, Mr. Chairman, and I appreciate being here this morning listening to this distinguished panel and I might say that I'm sympathetic to the cause. My father was a railroader and my grandfather was a railroader and I was a railroader for three summers while I was going to college and, as a matter of fact, my father never owned an automobile. We traveled by rail to go to Newark on the weekends to shop. So I would like to see something happen along the lines of Congressman Reuss' bill and have indicated that I would be a cosponsor.

I might say that there are some detractors, though. It's not going to be all that easy. I was in Europe several years ago and watched the Orient Express go down along the Rhine River 80 and 90 miles per hour and I wondered why the United States couldn't have some-

thing like that. And I had an interview—I interviewed Secretary of Transportation William Coleman about this and he said, “Well, the distances are different. The population is different than it is in Europe. There are big cities in short proximity. As a matter of fact most of Europe could be placed in the Northeast quadrant of the United States.”

Do you do have a difference from that standpoint. So some of the people who are opponents point out that the French and the Japanese and the Germans all lose money, even on their railroad system, and so we wonder if that would happen here if we expanded our passenger transportation system.

Why should the taxpayers subsidize a small percentage of Americans who live in corridors where a rail transportation system of this kind might be feasible?

Mr. CASEY. May I answer that, Congressman Wylie?

Representative WYLIE. Yes; I would be glad if you did.

Mr. CASEY. In the first place, I think Mr. Coleman's remarks were faulty because the population density of Ohio is greater than that of France and actually there are more people per square foot or square mile or whatever in Ohio than there are in France, and yet France is building this magnificent new TGV system.

Second, as far as the financing is concerned, I think that the interstate highways don't go to every little hamlet in every city and every State. They serve the entire Nation. You can't have an Ohio State University located in every little village and town. It's in one central place and it serves the entire State and the proposed Ohio system would serve about 60 percent of the population directly. We do intend to have feeder trains that would serve some of us but they would not run as frequently or as often as the high-speed trains which will run one an hour or more, depending on whether there's a football game on or something like that.

But the third point I think was that the financing—the Shinkansen actually makes a profit. I believe somebody already mentioned that this morning. Maybe it was Mr. Boyd. The Shinkansen after its first year and a half has made a profit every year and that includes money to help pay off the infrastructure. The whole system loses money because they take the Shinkansen profit and they use it to provide freight train service and feeder train service for little communities. So high-speed trains can make a profit.

Representative WYLIE. Well, I'm glad you made that modification for the record. Overall, I think it is true that the United States has a lower population density, though, than Europe, which I think is the point he wanted to make.

Mr. CASEY. True.

Representative WYLIE. As a matter of fact, I know that's true. So when you get a train running from Paris to Rome over to Budapest or whatever or some of the other large cities where the Orient Express went, you're more likely to be in larger population areas unless you just had this rail transportation system in the Northeast corridor. If you take the system as a whole, I think that you're likely to run into more lower populated areas.

As I say, I like the idea and I like the concept and hope that we can have a study made to determine the feasibility of it. I think that

Amtrak has not provided a very good example for us. Would you agree with that?

Mr. CASEY. I do.

Representative WYLIE. And maybe we do need to take another look at it.

I think it's suggested in your bill, Mr. Chairman, that there be a separate rail system provided for this new high-speed transportation system.

Representative REUSS. Not a separate rail system, but that the passenger rail has to have its own track or tracks. It just doesn't work to have them poking along behind freight trains or have the freight trains be delayed if a passenger train derails.

Mr. SNYDER. It won't work without having a special track for the passenger train. Along that line, Congressman, I might say that several years ago rail labor recommended to the Congress something like the Interstate Highway System—and I think it was mentioned here by one of our witnesses this morning—to build up a rail system; not only that, but for high-speed rail service something along the lines of the Interstate Highway System, to bring in the States involved and then ease it back to a private carrier, but build a track, build up a good system and lease it back for that purpose.

Representative WYLIE. Well, you touched on another problem there. Don't the Americans love the automobile and the fact that we do have an interstate highway system sort of militates against a passenger rail transportation system?

Mr. CASEY. Sir, I don't know if you heard my testimony at that particular point. I mentioned that during the 16 or 17 years the Shinkansen has been in operation, 1.5 billion people have ridden it and during that same period of 16 years 800,000 Americans have died on the highway, not one person was killed on the Shinkansen. So I think the safety reason alone is a very important reason to build this system.

But as far as the love affair with the automobile is concerned, I think today many Americans are beginning to be a little bit disillusioned and cars are getting smaller and they are getting more difficult—you can't take your family like we used to do and put them in the car and have lots of room for baggage and go to the World's Fair or something, because it's more difficult now. The small cars are more dangerous. Trucks are bigger. So the highways are getting more and more dangerous. I think that the era of the love affair with the automobile is about over.

Representative WYLIE. Well, the railroad owners I think over the years, since the time that I used to ride the train to Newark with my parents, have discouraged passenger transportation service on the theory it was not economically feasible and they were losing more money on that than they were on the freight, that they could haul coal and make money and so forth.

I think as I look back, that maybe sometimes they had somebody along the way when we stopped in a station where this person would throw up a window and throw in a handful of cinders on you so we would be discouraged from going back. But I do believe that over the years—would you think that's an accurate appraisal of what has happened with the railroad companies?

Mr. CASEY. Sir, you have to look at the entire socioeconomic history of the Interstate Highway System and the development of the airports and with Federal encouragement we have been building and building more and more airports, as the first gentleman testified, and we have been building the Interstate Highway System. When President Eisenhower and his Congress at that time proposed and started building the Interstate Highway System, they didn't have a little crystal ball which told them that some day OPEC would be our masters because of this, because it wasn't until very recent years that we were importing more oil than we were exporting. And so at that time, because of the low price of gasoline, it was very easy to have people have automobiles and get on those highways and travel anywhere they wanted to. They were wonderful, but things have changed and the world has turned and everything is now different and I think now we have to start following the lead of the rest of the industrial world and that's, of course, what they are doing in Japan and Europe.

Representative WYLIE. You may have answered this while I was over at the House for the last vote, but what role should Amtrak have on the operation and supervision of this high-speed rail transportation system which you envision?

Mr. CASEY. Well, I think I mentioned it. I stated they should have no role in it, absolutely none. It should be a separate—well, it should be done with one eye toward the way the Interstate Highway System was built which was a model. The Federal Government led the way and gave the guidance, but the States built the Interstate Highway System.

Representative WYLIE. But who would be responsible then for the operation?

Mr. CASEY. I think you either have to have individual States responsible or groups of States. For example, three or four States could join together and form an authority similar to a port authority which would—if the train has to in fact cross State lines, for example, Wisconsin and Illinois—to have a Milwaukee-Chicago high-speed electrified dedicated train, you would have to have the two States join together in a compact.

Representative WYLIE. So you would keep the Federal Government out of the supervision?

Mr. CASEY. As much as possible.

Representative WYLIE. It's one thing to build the track—I can understand how that might be done—but we have to have an engineer. Somebody has to run it after we get the track built. So you're suggesting some kind of a regional authority; is that it?

Mr. CASEY. That's correct, a regional authority or even a single State, as we have in Ohio, but in many cases you will have to have a regional authority because there are State lines to be crossed, but I think Mr. Snyder mentioned perhaps these could be leased back to private industry to operate once they are built, which is a very good idea.

Representative WYLIE. Leased back to private industry?

Mr. CASEY. Leased back to private industry to actually run the trains.

Representative WYLIE. What kind of a private industry?

Mr. CASEY. Well, a railroad perhaps or maybe a new corporation which would be formed just to run the trains, for example, between Milwaukee and Chicago.

Representative WYLIE. If you leased it back to Chesapeake & Ohio, would you run into the same problems that we have encountered already, though?

Mr. CASEY. Well, not if it's a dedicated train with completely separate tracks from their freight operations. In effect, it would be a new corporation, no matter who runs it, because they would have to have an entirely separate organization.

Representative WYLIE. We are into another vote and I'm sorry that we have to interrupt. I have 5 minutes to get to the House floor for a vote and Chairman Reuss suggested that I declare a 5-minute recess when we came to this point and he would be back momentarily. I think he has a couple or three more questions for the panel. Thank you very much.

[A 5-minute recess was taken.]

Representative REUSS. The committee will be in order and I want to thank the members of the panel for their very substantial contribution.

Our last witness will be our beloved Congressman, Adam Benjamin of Indiana, the distinguished chairman of the House Appropriations Subcommittee on Transportation, known as Mr. Transportation, Mr. Jobs in America, and several other things.

Adam, we're delighted to have you here. I know you have an appointment so we will understand if you have to be brief, but please take as much time as you can give us.

STATEMENT OF HON. ADAM BENJAMIN, JR., A U.S. REPRESENTATIVE IN CONGRESS FROM THE FIRST CONGRESSIONAL DISTRICT OF THE STATE OF INDIANA

Representative BENJAMIN. Thank you, Mr. Chairman.

Mr. Chairman, I support the concept of the Rail Passenger Systems Act of 1981 which is embodied in your bill H.R. 4028 and I have asked my staff to join me as a cosponsor of that bill.

I share the belief that you do that revitalization of the passenger rails will help reindustrialize America. However, as we all realize, the proposal is neither bold or new—it is modest—obviously crafted to service the trials and tribulations of a less than innovative Congress—a second beginning at best. And like rail deregulation, its genesis has been latent for at least two decades.

As many of your more senior members personally recall, the Nation's railroads emerged from World War II with more business than capacity which lasted until the 1949 recession. From that point forward, railroad fortunes declined with increased competition from other transportation modes which were generally accorded more favorable regulatory treatment.

Other than several debtor railroad reorganization acts, Congress watched the postwar slump from the sidelines until 1958 when it approved a \$500 million loan guarantee program for purchase of capital equipment and property maintenance. President Kennedy

proposed a new transportation policy in 1962 which included rail deregulation. The Kennedy deregulation proposal was finally rejected in 1964 by the opposition of the National Coal Association.

Before the end of World War II, President Roosevelt urged improvement of a 34,000 mile national highway system to interconnect the principal geographic regions of the country and to utilize the available manpower and industrial capacity productively during the postwar readjustment period.

That mileage has increased to 42,500 and has become the economic lifeline for almost every State's agricultural and industrial development.

Despite congressional interest, the program did not proceed appreciably without adequate and stable financing. The Congress rejected President Eisenhower's off-budget bonding proposal in 1955. A year later, Congress and the President agreed to a "pay-as-you-go" program of certain taxes placed in trust for interstate highway construction.

In the early 1960's Senator Claiborne Pell of Rhode Island and others persuaded Presidents Kennedy and Johnson to begin restoring train service in the Northeast corridor. The first Northeast corridor project was established in the Department of Commerce in 1963 to focus on determining needs and problems and exploring high-speed ground transportation technology.

The High-speed Ground Transportation Act of 1965 authorized the Secretary of Commerce to sponsor high-speed demonstration projects.

The purpose of the 1965 act was to determine whether high-speed ground transportation could be made convenient, economical, and attractive and meet the increasing transportation requirements of the rapidly expanding urban areas of the United States.

The legislation authorized three basic activities: Research into and development of different forms of high-speed ground transportation, demonstration projects to test new developments and to learn public response to improved ground transportation.

Two corridor demonstration projects on the Washington-New York and New York-Boston segments of the corridor were conducted under the 1965 act. High-speed, self-propelled, electric passenger cars were introduced on the Washington-New York route—Metroliners—and gas turbine powered trains—turbotrains—were introduced on the Boston-New York route.

The Congress decided in 1970 that a stepped-up Federal effort was needed to halt the decline of intercity passenger train service in the United States and to retain and revitalize a realistic national network of rail passenger routes. The Rail Passenger Service Act, enacted in October 1970, involved the Department of Transportation in selecting a national network of routes and created the for-profit but quasi-public National Railroad Passenger Corporation (Amtrak) to take over, manage, and develop the routes. Amtrak was incorporated on March 30, 1971, and began operations a month later.

The heavy Federal financial involvement in Amtrak's operations continued congressional interest in how effectively Amtrak operated the intercity rail passenger system.

In 1978 the Congress directed DOT to restudy the need for rail passenger service and recommend a revised national system that would go into effect automatically unless the Congress overrode it. DOT recommended in January 1979 that Amtrak's route system be reduced by 43 percent, with estimated savings of more than \$1 billion over 5 years. The Congress did not override DOT's recommendations. However, the country experienced a disruption of its gasoline supply in spring and early summer 1979, and Amtrak's ridership soared. Trains were filled to standing and reservation backlogs were common.

In August 1979, the Congress passed legislation permitting some of DOT's recommended reductions but reinstating much of the service while providing criteria to use in evaluating possible future cuts, and, as you may recall, that was an 18 percent reduction instead of 43 percent.

Americans are still adjusting to long-term energy constraints. There is a strong interest in the idea of developing and improving passenger rail service in various population corridors around the country. Frequent and reasonably fast train service over short- to medium-distance runs, carrying the passenger from city center to city center, provides an attractive, energy-efficient alternative to airline and automobile service.

Development of these rail corridors will have substantial economic benefits. Areas around train stations would become more economically attractive for development as convention centers, shopping malls, and improved commercial areas. The stations must become multimodal transportation centers, linking rail with bus connections and local intracity highway systems. The construction needed to upgrade rail systems to corridor operations will generate jobs, while operation of corridor service will increase employment of engine and train crews, on-board service personnel, and heavy and running maintenance personnel. Diversion of travelers from the automobile and reducing the need for additional highway or airport construction will also provide significant environment benefits.

Corridor service will offer an improved ratio of revenue to cost to improve the economic well-being of the Nation's entire intercity rail passenger network.

I personally know that Amtrak regards rail corridors as potentially attractive areas for capital investment and considerable promise for the longer term, as well as efficient utilization of equipment in the near term.

Development of the "emerging corridors" takes advantage of the particular strengths of railroads as a means of passenger transportation with a variety of significant incidental benefits.

Mr. Chairman, I am familiar with the problems of Amtrak, some of which have been highlighted by President Boyd today. I have followed the activities of the Ohio Rail Transportation Authority with great interest and support. I have encouraged and Indiana did join the Inter-State High-Speed Passenger Network Advisory Council. I have encouraged Amtrak to continue its dialog with the Japanese National Railways as well as that of the Thrall Car Manufacturing Co., and Kawasaki Heavy Industries regarding high-speed rail. I am convinced that H. R. 4028 is a welcome adjunct to the present processes and moves to concentrate, focus and solidify the various movements.

However, all of these movements remind me of the interstate highway dreams of 1944—the need and connection are evident—but the resources are not. Bonds were not acceptable as a means of highway financing. Previous attempts at preference sharing and guaranteed loans for rail improvement have been less than totally successful. Any scheme constituting less than full commitment will have minimal success.

In conclusion, I want to urge you to move forward with H. R. 4028 with these thoughts in mind:

One, we should form a national high-speed rail passenger advisory council—similar to that of the Clay committee—to recommend rail corridor needs and its financing structure.

Two, we should consider possible government ownership of the fixed plant—rail—for such a system similar to government ownership of its highways. A starting point of consideration is the analyzation CONFAC policy prepared in 1977.

Three, we should adopt a system of high-speed rail corridors. Four, the system should use existing highway and railroad right-of-way to the greatest extent possible to avoid high acquisition costs.

Five, the system should be regional, radial, and multimodal with terminal hubs which connect all local, regional, and transcontinental modes.

I would be delighted to work with you to develop a transportation network guaranteeing the rapid, safe, and economic movement of people. We don't have one now. We must move forward for our economic interest as well as our national security.

Thank you, Mr. Chairman.

Representative REUSS. Thank you, Representative Benjamin and your offer of working together is herewith gratefully and fully accepted. Let us go. You have delivered a marvelous bird's eye view of the sad history of transportation in this country in the last 40 years. You point out that one of the problems in the early days of the highway program was that it was thought best to be done with special Government bonds, but Congress didn't like that and finally it used another method of financing.

Actually, and without having crossed the last "t" and dotted the last "i," it's perfectly possible to work out a financing program for the revitalization of America's railroads and its passenger railroads in particular along the lines you suggest. Loan guarantees—which are in effect a bootstrap lifting proposition—could be used. They don't cost the taxpayer anything, but they do enable the funneling of the Nation's savings to what the Nation ought to be doing. Just to take a current example, the \$35 billion of bank credit which is now being held at the disposal of the various corporate raiders who want to take over Conoco Oil Co., would be more than what is needed to get the American passenger rail system moving forward in a magnificent manner. And rather than simply using our credit in an inflationary way to bid up the price of existing assets, why don't we use it to bring a new thing into being; namely, a modern transportation system?

That's what the Japanese and the French and the Germans decided they were going to do and I can't believe that they are all better than Americans. I can't believe that we can't do these things.

Do you share my fundamental faith in the ability of Americans to solve their problems?

Representative BENJAMIN. I certainly do and, as I recall the report that was issued at the end of the Eisenhower administration, once we set our goals and if we prepare ourselves to the fulfillment of those goals, there's nothing America can't do; and I have concluded after a careful analysis of our transportation network that without rail as its hub that we are not going to have a national transportation network and we have not had.

We have had various expressions of policy, but they have changed with each Secretary of Transportation and I would like to avoid that so we can actually prepare, implement, and then followup to make sure that the system works.

Representative REUSS. Do you share the view of some of the other witnesses this morning, both labor and management as well as public witnesses, who testified that the development of an energy efficient rail passenger system with the possible electrification of heavily populated parts of it could be an absolutely splendid and cost-effective way of removing ourselves from the thrall of OPEC?

Representative BENJAMIN. I do share those views and, in fact, Mr. Chairman, I'm witness to one of the last remaining electrified commuter lines that has worked very effectively in energy savings and—

Representative REUSS. The South Bend, Chicago?

Representative BENJAMIN. South Bend-Southshore & Chicago Railroad, and that is now going through the process of bringing on new rolling stock which I would suggest, if you look at it 2 years hence, you will find that there won't be enough rolling stock to accommodate those who want to move along that rail corridor.

Representative REUSS. Well, we could go on into the details at great length, but I know that you have another engagement. Your testimony has been so forthright and clear. I just want to thank you for the great contribution you have made and renew my pledge to work with you. I even hold out the hope that on something that is very imminent; namely, the enactment of the Transportation Appropriations Act of 1981, perhaps we can devise—with the ingenuity that I know you possess—some little signal, some inner voice which will tell the administration that we all ought to start moving on this.

Representative BENJAMIN. Mr. Chairman, I thank you. You have personally suggested that to me. I think it's a fine idea and we will work with you to do that on this transportation appropriations bill that is now pending.

Representative REUSS. Thank you, Congressman Benjamin, and I think this has been a most constructive hearing and we now stand in adjournment.

[Whereupon, at 12:20 p.m., the committee adjourned, subject to the call of the Chair.]