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Congressional Record S. 4729-34 - Railpax Plan in Montana No. 3

Mike Mansfield 1903-2001

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RAILPAX PLAN IN MONTANA—NO. 3

Mr. MANSFIELD. Mr. President, on April 6, I appeared before the Senate Subcommittee on Department of Transportation Appropriations discussing the Railpax plan and the many misgivings that my colleague, Senator LEE METCALF, many Montanans, and I have about its effect on the future of surface transportation in Montana. In an effort to keep the people of Montana informed, I ask unanimous consent to have my statement printed at this point in the Record.
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I am convinced that an aggressive
campaign to return the travel public to the rails

I would like to ask one

direct question. Just what has the Railpax
accomplished with its plan?

In Montana it appears to be an accomoda-
tion to the interests of the Burlington Northern
Railroad which has been anxious to get
out of the passenger train business for

a number of years.

In September of last year newly merged
Burlington Northern Railroad issued a special
report on the future of the Railpax

Unfortunately this is the report of a
railroad corporation more interested in
diversification of its own business than

As I have indicated on number of
occasions this nation faces a transportation
crisis of monumental proportions.

Mr. Chairman, and gentlemen of the Com-
mittee on commerce should be commended
for meeting this situation head on. I sincerely
hope that the committee on commerce
will also be able to address these
problems and leap forward in the
near future.

Who needs the railroads? You do. We all
do. Truer words were never spoken but the

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way we are going the railroads are disappearing like the buffalo and the ox cart.

Mr. MANSFIELD. Mr. President, also ask unanimous consent to have added to the record a statement by Mr. Mansfield which will give my colleagues here in the Senate a capsule opinion of how people in Montana feel and the observations of several national news columnists.

It is entitled “Railpax Grumblings.”

Two articles from the Billings Gazette of March 31, 1971, relative to the railroads efforts to seek Federal help.


D. J. R. Bruckner’s column on the transportation mess in the New York Post of Tuesday, March 30, 1971.

An article from the New York Times of April 4, 1971, relative to the increase of train service in the Northeast Corridor under Railpax.

I am inserting a copy of a letter from Richard Herminghaus of Billings, Mont., discussing the effect that this Railpax decision will have on students attending the State university there.

Concluding, Mr. President, I ask that the text of two letters I have sent today be printed in the Record as follows:

[From the Helena (Mont.) Independent Record, Mar. 30, 1971]

Rauls Seeking Federal Help

WASHINGTON—An Industry spokesman urged Congress Tuesday to rescue the nation’s ailing railroads by sending them $2 bill ion from the National Association of Railroad Passengers.

"You can be sure that the ICC will be influenced by ASTRO. The paying public has no experts to present the counter arguments," Metcalf said, pledging he would soon offer some alternatives to the ASTRO 10-year plan for a $86 billion subsidy.

CASTRO, Metcalf’s acronym for ASTRO, which stands, is a proposed "racist lobbying campaign" that should be renamed—"Conglomerate America’s Slick Transportation Rip-Off."

He said he hopes Congress will abstain from action on ASTRO proposals until further investigation is made that neither Congress nor the ICC has the “information and expert counsel needed to suit rail transportation to needs.”

[From the Billings (Mont.) Gazette, Mar. 31, 1971]

Hi-Line Railpax route will serve Glacier National Park, Pine, Glacier needs rail service. But what about Yellowstone National Park? It is more than twice the number of visitors as Glacier, but the closest they will be able to get to by train is Havre, Denver or Helena.

Among the defenses for the exclusive Hi-Line route is that it will cut one hour off the trip between Chicago and Seattle (41 hours vs. 49).

Come off it. If a traveler were anxious to save an hour he’d take a plane and save 36 or 37 hours.

[From the Wall Street Journal, Mar. 25, 1971]

Railpax Key: Avoiding the ICC

[By William D. Gramp]

The Railpax Act, which established Railpax, makes it clear that the government, in sustaining rail passenger service, intends to press the case that the railroads themselves have been denied by the Interstate Commerce Commission.

Railpax is officially known, announced the routes and schedules it will begin operating in May. The number of trains will be cut to 186 from the 366 currently operating. Railpax has decreed it will travel 21 routes serving 114 cities. It will announce its fares later. Neither fares nor service are subject to regulation by the ICC or any other agency. That is monopoly power, as any tycoon in this business would admit.

The railroads, of course, do not have this power. The ICC regulates their fares and has authority over the amount of service. A railroad wishes to receive a train from its schedule, the ICC can delay discontinuance for up to a year. The state agencies also can delay it.

EXEMPT FROM RESTRAINT

Railpax is exempt from these restrictions; the Secretary of Transportation was authorized to exempt it from service. He was required to hear the views of the ICC, railway unions, state governments and other interested groups, but he was not required to
conceive. He did in fact add five routes to the sixteen he first at 1963 rate determined to be subject to change by Congress or review by a court.

The 31 routes must be operated until 1973, after which their operation is subject to delay by the ICC. Railpax on its own authority may add to the system and remove what it adds. The government will do this.

The law has made the basic system smaller than it would have been had Railpax been given the power to reduce these services. But Congress has exempted Railpax from them and could have exempted the railroads.

The answer may seem to be that if the railroads had monopoly power they would use it to make a profit. Yet the law states that Railpax too "shall be a for profit corporation." Moreover, it is not to be a shy, different enterprise. The president will preside over the gradual disappearance of passenger trains. On the contrary, "lay a foundation for who, in my opinion, is destined to become the all-time comeback in the history of American transportation," Transportation Secretary Volpe has said.

One could argue that the government will use monopoly power in the public interest while Railpax will not. Yet nothing is in the law to indicate that the government will do this. It is directed "to provide fast and comfortable transportation," but that is hopelessly impervious. It might have been directed to consider the possible external effects of passenger trains, like a lessened pollution and of congestion on highways and airports. But except for a few dusty references, such external considerations were ignored.

There is a fanciful notion that the American people really want to travel by train even though they don't. The railroads, so the fancy runs, don't like passengers, do everything they can to discourage them, and leave them no way to travel except by airplane, bus and automobile. The fantasy is heightened by recollections of the glorious age of railroading, evoked today, and how the fast was in the diner while the Zephyr was passing through the Feather River Canyon. These glories could be restored, and by ordinance. The government, if one passenger bus or passenger business were operated by an organization dedicated to passenger service, Congress will decide.

But Railpax in fact is going to face the same problems the railroads have faced. To say they "want out" of passenger service for no good reason is quite erroneous. No company wants out of a source of profit. If the company happens to be managed by people who are incompetent, unfinish and not fond of customers, they will be stopped by the shareholders. The railroad shareholders are not different from those who hold stock in any other company. They all want a suitable rate of return.

These railroads have wanted to cut rail passenger service because it is not as profitable as freight. That simply means that they can use labor more efficiently to transport goods than people. That is just what they should do, except if clear reasons to the contrary.

There are good reasons in welfare economics, and they conceivably could be relevant to passenger trains. But they have not been brought forward in the law, which, remember, directs Railpax to be profitable.

One reason that the railroads have not been honest in their traditional role is the demand for travel by rail. It discloses a preference for private over public means of trans-
April 14, 1971

CONGRESSIONAL RECORD—SENATE S 4733

Third, in an important sense, is what the SST fight was all about. Sen. Lowell Weicker (R-Conn.) gave the Senate some interesting figures: in fiscal 1971 about 6.5 million passengers on international flights, while 296 million will use inter-city and commuter railroads next year. He also said that the Transportation Dept. budget for the same year is $1 billion, about one-fifth the SST project, and that he thought this was a nixed deal for the SST.

Now, if everybody taking international flights took an SST, those budgets would have to be revised and increased. In federal spending for railroads would be a huge increase. If some SST lobbyists had been smart, instead of twisting arms, they would have sent a battery of runners with sedate cars to the Capitol to make the service profitable, even at a loss. SST supporters have had the advantage of amateurism two ways.

The corporation's service proposal has been clearly foreseen in the first three years. Mayors and Governors of the Northeast in creating their own regional railroad agency. Power was exercised on the Northeast Central and Western States, on the other hand, are bitter about new service reductions, but they are not sure how to force a change in the corporation's plans.

"I feel that I have been had," moaned Senator Mike Mansfield, the Democratic leader, when he discovered that the one surviving train through his home state of Montana would skirt the Canadian border, missing the state's six largest cities completely.

At Mr. Mansfield's urging the Senate Appropriations Committee has summoned the corporation, unofficially known as "rairaxp," to public hearings on Tuesday to explain its choice of routes, but the corporation is prepared to stand its ground.

It will argue, for example, that the North-South transcontinental route between Chicago and Seattle is a faster and cheaper route than Mr. Mansfield's alternative. It will also remind critics that in writing the rail passenger law last year, Congress made its own route-selection decisions and offered a fairly simple remedy for areas that consider themselves underserved: communities and states in any combination can insist on additional trains if they are willing to pay two-thirds of the extra deficit incurred.

The corporation is prepared to make heavy demands on Congress for capital improvements to pay for the restoration of output and the repair of their poor economic prospects over the long term.

The very lean financing with which Congress has equipped the corporation has strengthened the board's hand in contract negotiations with the railroads that will continue to provide track and crews for passenger trains.

In the original discussions, the railroads demanded reimbursement for their direct expenses and, in addition, a management fee and some return on their own capital investments.

The Corporation, pleading poverty, insisted that it could only pay the railroads for what their direct expenses covered and would not cover any shared expenses—like track maintenance—attributable to freight and passenger operations.

The railroad hoped that a protracted dispute over terms would delay their deliverance from passenger deficits, acceded to the corporation. The formal signing of operating contracts awaits only a final resolution of the relative responsibilities for severance pay and job protection for men who lose their jobs as a result of train discontinuances.

The rail corporation will be heavily burdened at the outset with the expense of maintaining huge city terminals built for a bust era. It will cost $13.7 million a year just to maintain Washington station; $7.6 million for the station in St. Louis; $6.5 million for the station in Cincinnati.

Many of the railroad's franchised stations is expected to cost the corporation $50 million in its first year—or half of the projected $100 million. But the corporation proposes to move swiftly, as the railroads never did, to modify the stations to suit modern needs. "Tens of millions of dollars can be saved," one former assistant emphasized last week, "by actually knocking a lot of these stations down.

The railroads have chosen its colors, its official nickname and its advertising symbol, all still secret, though the preliminary name of the rail corporation on "rail" base have been known to have been rejected because of what is considered the unfavorable connotations associated with recent railroad history.

It is clear, also that he search for a chief executive is steering clear of railroad men, looking instead to the airline industry and merchant bankers in particular.

Robert F. Siz, the president of Continental Airlines, turned down a feeder two weeks ago. Another option for the rail corporation's board to consider but has rejected it.

For the right man who is willing, the corporation is understood to be offering an annual salary that includes $150,000 in direct and deferred benefits.

MARCH 31, 1971.

HON. MIKE MANSFIELD, U.S. Senator, State of Montana, Senate Building, Washington, D.C.

DEAR SENATOR MANSFIELD: There have quite a number of people in Billings who believe that students at the Montana State University at Bozeman and the University of Montana at Missoula are being discriminated against by the railroads in the state of Montana. I think I speak for them when I express deep concern about the situation of rail trustees.

Certainly many of the people travel by automobile to their various schools, but a great number of the students are dependent upon dependable and economical transportation to their schools. Just yesterday I paid a bill to one of the travel services for a round trip to Missoula, the total was $27.50. In comparison, a phone call of a moment ago, I find that the round trip through Bozeman by Northwest Airlines is $58.00 or if you can see it's $29.00 to Missoula and $39.00 back which is very high.

It doesn't seem to make sense to most of us here in Montana that the population centers such as Bismark, Miles City and Billings, Bozeman, Butte, Missoula, etc. are all bypassed and have to rely on very expensive airline means of transportation which I understand will go up even more in the near future. It is of concern to some students to be some what isolated and travel somewhat slower than the Northwest Limited. The cost of rail trips is very near the same as the round trip ticket is $28.50 as contrasted with a cost of $27.50 on a reserved coach basis on the railroad.

I am writing you to ask if you could be most helpful to us in securing a trip ticket by the Northwest Limited.

Please be assured that all of us here in Montana are behind you 100% in your fight. We have been reading with interest, the protest that you and your fellow Representatives and Senators have been making and we hope that you can and do continue in your fight to have the Government serve the people instead of the alternative.

Yours very truly,

R. KERLINGHAUS,
WASHINGTON, D.C., APRIL 14, 1971.

HON. JOHN VOLPE, Secretary, Department of Transportation, Washington, D.C.,

DEAR MR. SECRETARY: Since my appearance before the Senate Subcommittee on Departmental Appropriations, April 6, I have had an opportunity to give the Railpass plan some additional thought and have come to the conclusion that, with the enactment of April 5, but it would be most helpful if you could assist in obtaining a further clarification of this decision made by the National Railroad Passenger Corporation.
You indicate that, "the decision not to continue east-west service across southern Montana was made because ridership is less on this line than on the northern route through Havre."

I find this somewhat difficult to believe, in view of the fact that the southern route serves Montana’s larger cities—Missoula, Butte, Helena, Bozeman, Billings, Miles City and Glendive. The northern route serves an area which is in need but Havre and Laurel, via Whitefish, are the only two cities served which are among the top ten cities of the state. I would appreciate having detailed statistical information on passenger boardings and detraining on the southern route as compared to the northern route. I also would like to remind you that in recent years the Northern Pacific Railroad has made an effort to discourage passenger service on the southern route and this would have an effect on the statistics.

I am aware that the philosophy of the Rail pax plan is to give adequate service to high density population areas but we cannot forget the long-haul service through the less-populated states. At a time when we should be concentrating on the shift to rural areas, there is this very great tendency to ignore states like Montana. The people of the Big Sky Country do not want to see the state merely a roadbed for the transcontinental freight lines. We deserve minimal service and this we do have under the present Rail pax plan. We had hoped to have, as a minimum, alternate day service on both Burlington-Northern lines. This does not seem to be unreasonable when the trackage on both lines must be maintained to handle freight service.

I recognize your desire to see support in the difficult task which lies ahead, unfortunately, I cannot give you this kind of help when a large part of my own State is being ignored. I still have the distinct feeling that the Rail pax is too closely identified with the specific interests and wishes of the railroad corporations. These are not directed to the needs of the travelling public and reversal of the deterioration of rail passenger service. I am firmly convinced that there is a need for a coordinated public transportation system in this nation and the railroads have a very important part to play.

I would appreciate receiving the information requested at an early date in view of the pending May 1 deadline.

With best personal wishes, I am,

Sincerely yours,

Mike Mansfield.