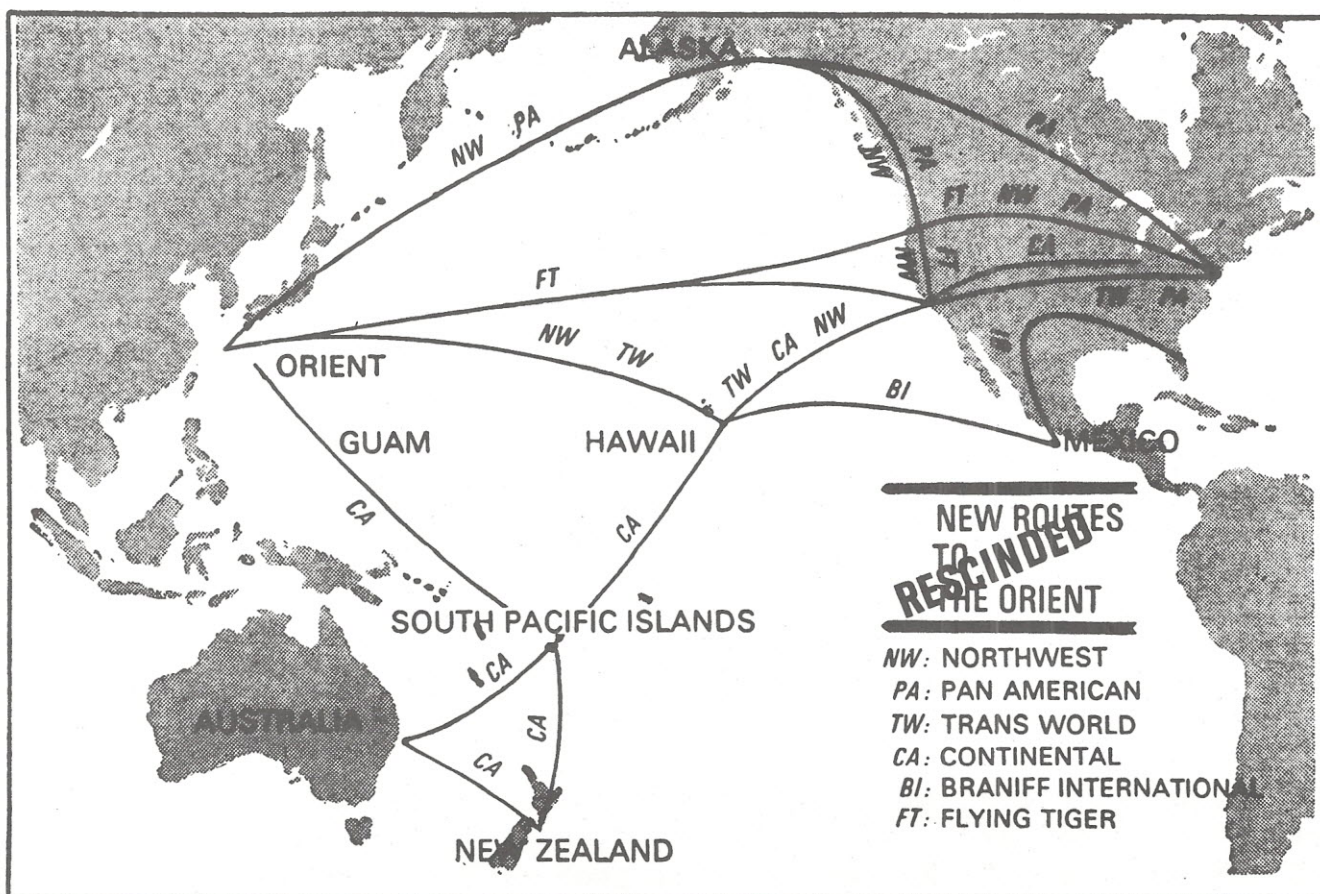
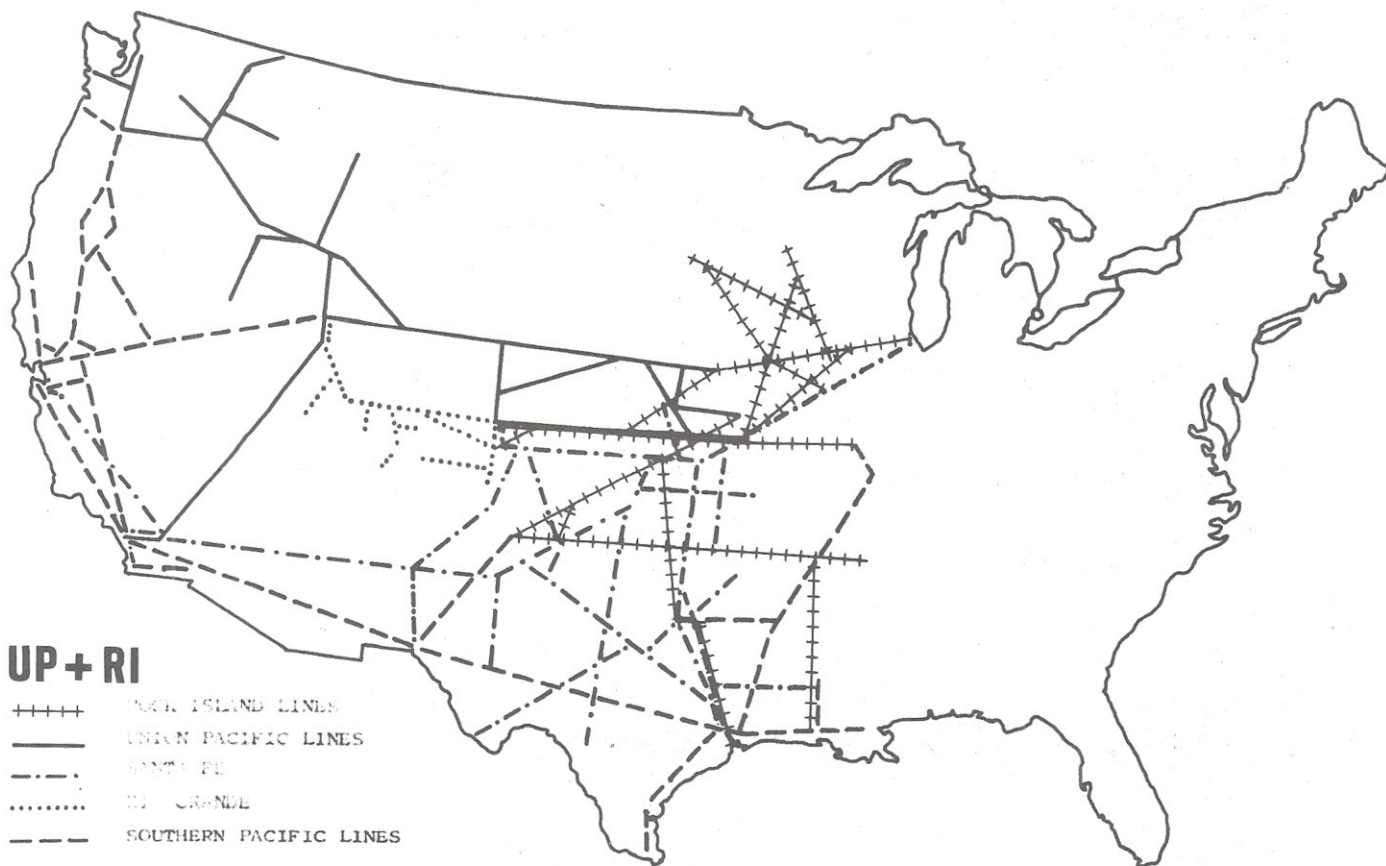


# Transport Central



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Ken Hayes

"CASH FARE: 50¢"

Does it seem unlikely that you will ever see the sign "Cash Fare 50¢" on the side of your local city bus? Not, I daresay, to riders in Akron and Chicago. Fare structures are one of the most sensitive areas that concern transit systems; schedule and route changes come next in line.

There once was a hue and cry about the inviolability of the 5¢ fare. This sacred number was imposed on many an operator until his bankruptcy (as witness New York City transit history). NO fare is unchangeable. If a hard and unbendable fare is imposed on the transit operation, one of two things will result: the system will cease to be self-supporting, or will cease to serve in the public interest. (Just what is the "public interest" is apt to be confusing; the term is much used in political and economic discussion. It is in the public interest to maintain a low fare, liberal transfer arrangements, uneconomic but necessary routes, luxury equipment, etc., etc. It is not in the public interest to raise fares, cut service, use old equipment, or go broke).

People are the life blood of every public utility—including city transit. People cause wages to soar. People cause two transit peaks a day with wide valleys between, on weekends and at nights. People. And people must pay for the results of their own actions. Every man has the right to a fair wage, to freedom of travel. He also has the right of choice of how to travel. Public utility operations have the best record of cost control (and therefore rate control) of the commercial world. Electric, gas, telephone, water and transit rates never have risen as much as the cost of living. Some rates—most notably electric—have actually declined. But the difference between electric and transit service is labor—high cost labor. Three men can operate a generating plant serving half a million people directly. One man directly operates a bus carrying 50. Labor costs consume around 13% of electric/gas revenues; they consume 65% of the revenue of many transit operations.

So when you see that "50¢" sign—and see it you will, in 1970 or 1980 or 1990—remember this balancing act: Revenues + Service + Public Interest + Expenses. Then take a long, hard, truthful look at your own personal finances. Ask yourself: Do income, work hours, goals and desires, and expenses match up? Do you say yes? Then let me know how you do it; we'll write a book and make a fortune. How do you take a fixed income, pay your regular expenses, and buy every single thing you want? I can't; you probably can't either, and neither can a transit system.

But you have one advantage: if you want more, you can work longer hours, or you can get a second job. But the transit system's work is fixed: move the passengers it has available, at expenses which are largely fixed. So, the only real flexibility is in fares. See that 50¢ sign now?

(Ken Hayes is a graduate of the University of California with a degree in Transportation and Public Utilities and several years of public utility experience. He and his wife Lynn reside in Hayward, California.)

## NEWSFRONT

**MERGER MORASS** -- The Justice Department has issued an opinion on the Union Pacific-Rock Island merger (see cover) describing the conditions under which they will support such a marriage. The Department recommends that the UP be permitted to absorb most of the Rock Island if the Rio Grande is allowed to purchase the Colorado Springs/Denver-Omaha/St. Joseph/Kansas City line, and if the Santa Fe is allowed to purchase the Amarillo-Memphis line outright along with a half interest in the St. Louis-Kansas City trackage. Justice also recommends that the Southern Pacific be permitted to buy the remaining lines south and southwest of Kansas City. The Department is opposed to Ben Heineman's competing proposal for a single strong Midwest system, stating that the pending C&NW-Milwaukee Road merger will offset the UP/RI merger.

On the other hand, the Department of Transportation does not believe that UP is the best prospective partner for Rock Island because the latter's poor physical plant could not support UP's tonnage from the West alone. DOT has published its own plans for Western rail mergers; a synopsis will appear in TC next week.

The Tennessee Central Railway officially died on January 28, when IC, L&N and Southern (actually subsidiary Harriman & Northeastern) assumed operation. IC will operate the 79 westernmost miles between Hopkinsville and Nashville; L&N the central 152 miles from Nashville to Crossville (Tenn.); and Southern the remaining 37 miles from Crossville to Harriman, Tenn....The Southern Railway has merged subsidiary New Orleans and Northeastern into another subsidiary, Alabama Great Southern, to simplify its corporate structure....The New York, Susquehanna & Western would like Penn Central to absorb it as ordered in ICC's merger approval. The New York Central had decided that relations with NYS&W were to be on a cash-only basis; i.e., shipments collect on traffic originating on NYS&W, and prepaid only on traffic destined to the line. In addition, an unnecessary interchange operation that PC insists on retaining is a drain on Susquehanna's precarious financial position. The petition requests that PC make a fair offer now, or be ordered to stop those policies forcing NYS&W to the wall. Cash-only arrangements are normally applied only to bankrupt carriers and usually scare shippers away; most shipments are usually prepaid.

Ben Heineman and the North Western have asked the ICC to be allowed to subpoena as "hostile witnesses" seven UP and Brown Brothers Harriman officials in order to clarify UP's 16% stock interest in IC. C&NW believes that, since the stock's earnings prospects are poor, the only reason UP has held it for so long (it was purchased 60 years ago) is for control purposes, and if the IC/GM&O marriage is consummated, UP will in one manner or another control most Midwest and lower Mississippi Valley trackage. UP denies such allegations.

Finally, Greyhound is the latest of a number of corporations making a tender offer for giant, diversified meat packer Armour & Company. Armour directors have approved the offer in an attempt to avoid another takeover bid by General Host.

**PASSENGER PARADE** -- ATSF was told to run 201/200-191/190 (La Junta-Denver) until next November....MoPac has petitioned Texas Eagle segments 21-22 (Longview-Fort Worth) and 41-42 (Palestine-Houston); MP now has the only remaining passenger service to Dallas....L&N, Southern, SCL, the Georgia Railroad and Central of Georgia have applied for a 10% hike in intrastate Georgia fares; CofG also asked for a 50¢ reservation tab

on its Man O' War and Nancy Hanks II trains....The Burlington, Milwaukee and Rock Island were granted a 10% intrastate Illinois fare hike on all non-commuter runs....Paul Reistrup leaves his post as IC's VP-Passenger Operations to head a new Department of Intermodal Services, to be responsible for piggyback and container services; Henry Davenport, now VP Operations, replaces him....Same road has been beset with problems arising from appointment of former DOT Secretary Boyd as IC president, as Boyd presided over DOT when \$24 million commuter car grant was made, and conflict of interest charges have been raised. Boyd revealed he'd specifically ordered IC/South Suburban Transit Authority proposals not reach his desk, as he was negotiating with IC at the time; all the same, new DOT Secretary Volpe will investigate grant, which has been held up pending such review....Following a warning from DOT that failure to allow PC to cut former passenger services New York-Boston/Springfield (TC 3/10/17 Jan 69) will delay the start of TurboTrain service this Spring, the ICC reconsidered its original decision to hold hearings and permitted cuts to take effect February 2; however, Connecticut PUC has ordered that services within its jurisdiction must continue until hearings are held.

CLIPPED WINGS OVER THE PACIFIC -- President Richard M. Nixon has suspended approval of the transpacific route awards made last month by his predecessor (see cover), citing possible "favoritism" by Mr. Johnson. Also "up in the air", so to speak, are the Hawaii awards, which do not require Presidential approval, but which hinged on the authority given in the transpacific case. Mr. Nixon ordered the CAB to submit to him a new set of recommendations. The international awards were to go into effect February 17; the Hawaii awards March 5. Much bitterness surrounds the case; some airline people feel Mr. Johnson granted some of the lucrative new services to his personal friends within the industry.

FLIGHT FACTS -- If Continental retains Hawaii authority granted to it in the controversial case, it has proposed sharply reduced (up to as much as 11%) coach and economy fares to the island from the mainland....Pacific Southwest has filed with the California PUC to increase fares on runs of less than 500 miles by an average of \$1....Air California now boasts an unlimited weekend travel rate good anywhere within the state on its flights of \$25 plus tax....On Friday (31) the last major-airline propeller plane to use O'Hare Field departs for Evansville on a Delta flight; the next day American Airlines celebrates 10 years of transcontinental jet service....An average hijacking to Havana costs an airline between \$2500 and \$3500 in landing fees, fuel, etc....Olympic Airways begins service Chicago to Europe, the Mid-East and Africa each Wednesday and Sunday beginning April 2....Western will buy 3 747s, 5 707-300C Intercontinental jets and 4 727-200s....TWA has opted for 3 more 747s, for a total of 15. Same line also ordered 5 727 stretchouts....Middle East Airlines will profit from those Israeli commando attacks; the line is to receive \$18 million in war risk insurance for about \$12 million worth of obsolescent aircraft....The FAA has proposed tighter safety and performance regulations for level III carriers, while the NTSB recommended increased emphasis on the use of shoulder harnesses by plane crews.

METROPOLITAN REPORT -- Tuscaloosa, Alabama has joined the exact-fare club, as have the Illinois operations of Bi-State Transit in St. Louis. ...More funds are being sought for the two CTA rapid transit median strip lines currently under construction; rising costs are cited....The city of Rochester, operating the transit system for some eight months, has settled on a \$5 million price for the former Rochester Transit Corp. system. ....SEPTA is to purchase the Red Arrow Lines for \$13.9 million....Trolley coaches will continue to operate in Seattle for some time; the City Council voted to insist on their use.