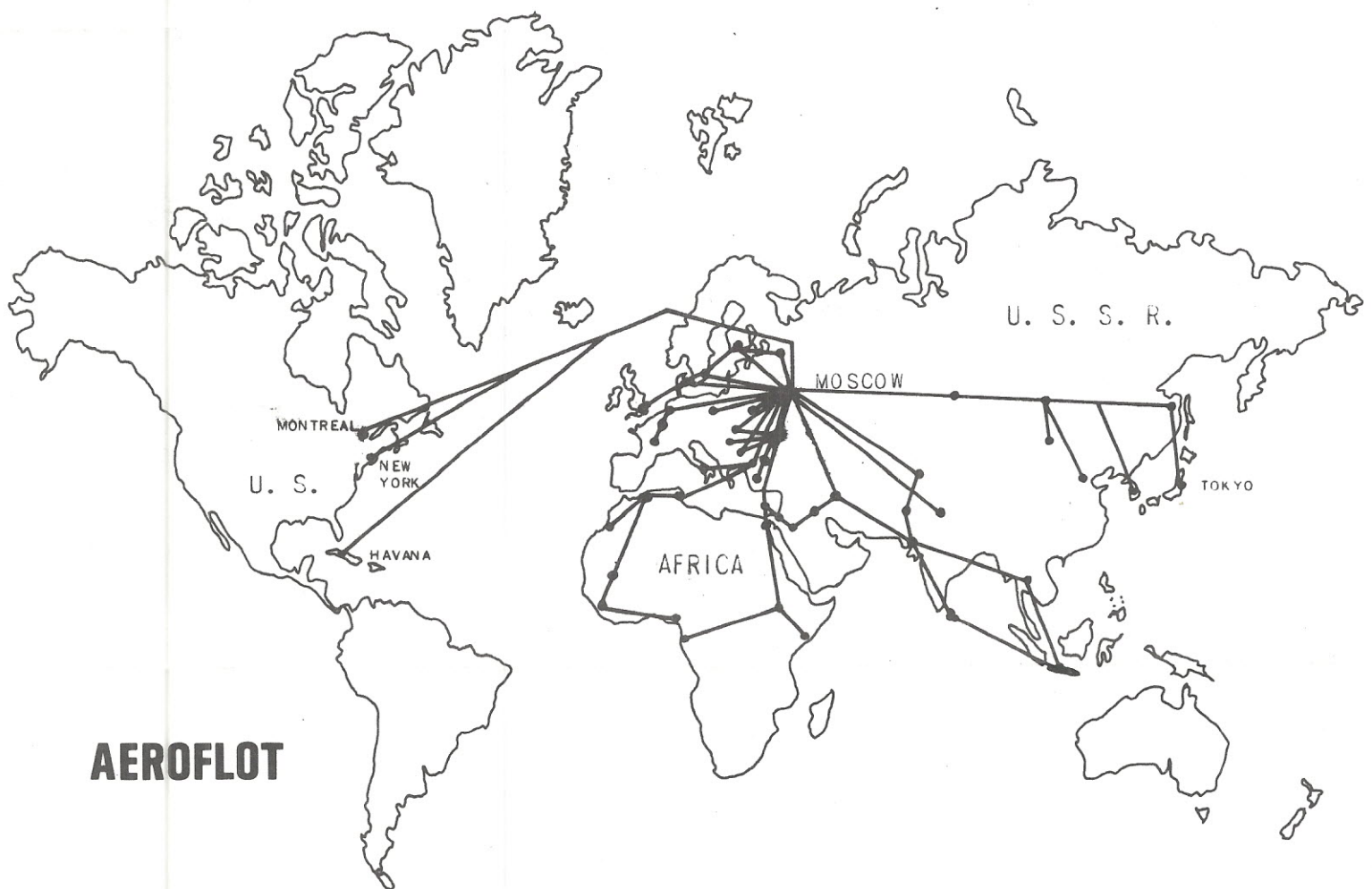


# Transport Central



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## Ken Hayes

Nearly every issue of Transport Central lists one or another Federal grant or loan to the transit "industry". Many of these are for the express purpose of "acquiring the operation and assets of the existing private system".

The transit industry looked upon the Federal Mass Transit acts as a sorely-needed shot in the arm to rescue the industry from doom. Such assistance was indeed required. But what has happened? Quietly, without fanfare (or, apparently, opposition), another industry has slowly crept toward the brink of socialization. We can cite another parallel "aid" act to illustrate that which has gone before: the Rural Electrification Act. This legislation was intended to provide assistance in the form of low interest loans to utilities desiring to extend electric service into rural areas for farm use--any utility. It is no coincidence that private utilities were initially refused such loans--even though they were entitled to them under the law's provisions--that public or quasi-public utilities got all the loans, and that private utilities never received one cent of money that was supposedly available to all. In actuality, the private sector of the industry eventually had to borrow money privately at 5% and 6% to perform the same work the public group did at 2% (the REA rate), even though they were just as entitled to such financial aid.

Today's mass transit bills have even disposed of the pretense of opportunity. From the start, no private operator could obtain a grant or loan directly. A governmental intermediate was necessary (and there were many restrictions on the uses such monies could be put to). Nor is assistance limited to patron-generating projects. Money is simply being used to convert private operations into public ones.

Where has our "representative" government gone? Where is equal treatment under the law when government takes preference over private interests in jobs of similar nature? All one hears are promises--political promises not backed up by present actions but by future propositions. Promises like the "Free Enterprise Amendment" to the Mass Transit Act to allow private carriers to improve their operations with Federal funds on an equal basis with public systems, and its present status is unknown (when last heard of, it had been tacked on as an afterthought to a public housing bill in the last session of Congress). And, should it come up again, what concessions will be asked in exchange this time?

*(TC's National Editor--West Ken Hayes lives with his wife Lynn in Hayward, California, where he is an Administrative Analyst for a public utility company. He is connected with the transit industry by education, and through his own company, the Central Token Exchange)*

## Tom Kopriva

Few subjects in transportation economic theory can evoke as violent a reaction as the topic of user charges, especially those related to airports. Presently, financing for air-

ports with commercial service (and many without it) is provided by governmental units. Bonds are sold to investors on the open market and the proceeds are invested in airport facilities. The airport authorities hopefully recover their expenses (which include depreciation on the investment) from landing fees, sales of fuel, concessions and similar related activities. In fact, only the largest of the fields return to their authorities enough income to pay operating expenses and bond interest, and leave enough for the retirement of the bonds. Those which cannot meet these obligations must be subsidized by the local government(s).

While the nature of these subsidies is clear, there is an indirect subsidy which all airports receive: tax exemption. Because the land and facilities belong to a government agency, they are not subject to real estate taxes. Likewise, interest paid to bondholders is exempt from Federal (and most state) income taxes so the authorities can pay a lower rate of interest than could a private, tax-paying organization. Much of this is justified by saying that a community gains social benefits from the existence of an airport. This is undoubtedly true, but benefits are also gained from the existence of a factory, office building or (in days past) a railroad station. Yet we normally don't subsidize these ventures.

Airlines reply that airfields are for the public; anyone with a pilot's license can land a plane at one. But does this justify a public venture? In larger cities private airports are numerous. Their very existence bears witness to the fact that private, tax-paying companies can operate an airport as economically as can a government agency.

I suggest that all airports be turned over to private enterprise; rates would cover expenses and would depend on volume of traffic. Communities would receive benefits according to their ability to utilize services and those taxpayers who do not utilize the facilities (including competitors) would not have to pay for them. No longer would the railroads be able to assert that they are paying more for an airport than is the airline using it (as did the Great Northern Railway about a North Dakota field a few years ago). Airports would be built with efficiency in mind rather than grandeur. Municipalities hard-pressed for revenue would not be supporting facilities for the use of a few but would be receiving tax revenue from them. Most important of all, government would be removed from an enterprise in which it had no business being in in the first place.

*Contributing Editor Tom Kopriva is a Master's candidate at the University of Alabama in Tuscaloosa. This summer, he will return to the railroad industry via a management position based in the Twin Cities. He welcomes your views on this article.*

### Richard R. Kunz

The supersonic transport has probably been the subject of as much controversy as any matter with international implications in recent memory. Three separate models are in various stages of planning or construction, and all three projects have been fraught with problems. The U.S. version is still more or less on the drawing boards; the Anglo-French Concorde has taken to the air (but is heavily in debt); and the Soviet Tu-144, having also made its maiden test flight, has (according to Newsweek magazine) apparently disappeared (there is speculation that it met with a serious accident).

Notwithstanding those reports, it is about the latter plane that there has been much other speculation. In a recent Wall Street Journal article, the Tu-144 was touted as a craft that might change the face of commercial aviation. In February, Japan Air Lines was granted Soviet permission to overfly Siberia on its Tokyo-Moscow run, using its own equipment. With the apparent success of the Tu-144 in test flights (it was, after all, the first SST to take to the air), pressure is expected to be brought to bear on JAL to use the craft on not only the Siberian run but on other services as well. Further, it is by no means definite that the Concorde will be commercially produced, even though initial tests were successful. As for our own SST, the political implications make it quite possible that it may never leave the drawing boards; even if it did, the first one would not be airborne until the late 1970's, well after the Tu-144.

In the best of capitalistic manners, the Soviet government is anxious to sell as many Tu-144s as it can, and a number of Western airlines are showing considerable interest in the SST. Aeroflot, the official USSR airline, will of course fly the Tu-144 along with its subsonic IL-62s (currently airborne) on its expanding international services (see cover map); services via the Siberian route between Western Europe and Japan using the SST will be more than competitive with other lines' operations in terms of speed. The USSR is expected to grant Siberian rights to other airlines soon (SAS for one), and the incentives to purchase Tu-144s will be irresistible, even without any direct pressure to do so on the part of the USSR. Obviously, if other carriers purchase such craft, they will most certainly be used on other routes as well. Even U.S. flag carriers, not ready to be outstripped by the competition (especially in view of the lack of a suitable "capitalist" SST) are watching the progress of the Tu-144. One airline official said that the government might be up in arms over a TWA or Pan Am purchase of the Tu-144 but that prospective passengers probably couldn't care less.

Thus, it is not inconceivable that the big Soviet craft might be a common entry on the roster of Western airlines. It would appear that capitalism works after all.

## NORTH AMERICAN PASSENGER TRAIN DISCONTINUANCES -- 1 JANUARY-31 MARCH 1969

ROAD	TRAINS	BETWEEN	ACTION
ATSF	42-47 191/190 201/200	Williams Jct.-Phoenix La Junta-Denver	PENDING PENDING
B&O	19-20 132 133-135	Willard-Toledo Washington-Baltimore Baltimore-Washington	OFF OFF OFF
CP	321-322	Toronto-Hamilton	PENDING
CN	620-623 624-625 626 990	 Montreal-Sherbrooke Toronto-Markham, Ont.	 PENDING PENDING
CGA	107-108	Atlanta-Savannah	DENIED
C&O	45-48	Toledo-Detroit	OFF
C&EI	3-4	Chicago-Danville	PENDING
C&N	0 11-12 11-12 11-12	Chicago to Minneapolis Chicago-Omaha Omaha-Lincoln Omaha-Billings	PENDING 1 YEAR OFF OFF
E-L	10-15	Hoboken-Buffalo	PENDING
ES&N	1-2	Victoria-Courtenay, B. C.	PENDING
KCS	1-2	Kansas City-New Orleans	WITHDRAWN
LEN	11-12	Flomaton, Ala.-Chattahoochee, Fla.	PENDING
MILW	15-16 55-58 101/103- 102/104 105/111- 106/112 202-203	Minneapolis-Aberdeen Chicago-Minneapolis  Consolidate Chicago-Omaha New Lisbon-Wausau	PENDING PENDING  PENDING PENDING
MP	14-15 16-17 21-22 41-42	St. Louis-Kansas City St. Louis-Kansas City Longview-Fort Worth Palestine-Houston	PENDING PENDING PENDING PENDING
NAR	1-2	Edmonton-Dawson Creek	PENDING
N&W	209-210 301-304	St. Louis-Kansas City Detroit-St. Louis	PENDING PENDING
PC	3-30 15-16 24-33 67-68 302-305 400 404-405 574-575	New York-St. Louis Cleveland-Cincinnati Philadelphia-Pittsburgh Chicago-Cincinnati Chicago-Indianapolis Baltimore-Philadelphia Boston-Albany Buffalo-Harrisburg	PENDING PENDING PENDING OFF OFF OFF PENDING PENDING
NH Dist	2-4-8-20- 28-34-48 9-13-17-19- 20-170-185- 187-197-109 3 30-32 50-60-186- 368 53 52-56-60-70- 168 59-93-97-99- 99/103-101- 169 410-422-428 71-79-81	 New York to Boston  Boston to New York Boston to New Haven New Haven to Boston  New York to New Haven New Haven to New York  New York to Springfield  Springfield to New York New Haven to Springfield Springfield to New Haven	 OFF  OFF OFF OFF  OFF OFF  OFF OFF OFF
SCL	33-34 51-52 75-76 95-96	Birmingham-Atlanta Florence-Augusta Jacksonville-Tampa Atlanta-Jacksonville	OFF PENDING PENDING OFF
SOU	27-28	Oakdale, Tenn.-Columbia	OFF
TH&B	371-376	Hamilton-Weiland	PENDING

ROUTE REPORT -- The CAB has granted five airlines new northwest to southwest authority; applications of TWA and United were denied. Under the award, Braniff can add Houston as a co-terminal on its San Antonio/Dallas/Fort Worth-Seattle/Portland service; Continental may operate between Dallas/Forth Worth and Seattle/Portland, non-stop or via Wichita; the same airline may operate non-stop New Orleans to Denver; Frontier can maintain Dallas/Fort Worth-Denver/Salt Lake City service; Air West will be permitted to link Denver/Salt Lake City and Boise/Seattle; and Texas International now has authority to link Houston and 14 other cities in the Southwest. No subsidies will be granted on the services of Air West, Texas International and Frontier involved in the awards.

FLYING HIGH -- British European Airways has arranged to borrow the equivalent of \$16.1 million in Swiss francs from a syndicate in Switzerland; the funds will be used for capital expenditures in Britain.... The CAB granted permission for Hughes Tool to lend Air West \$4.5 million; at the same time the Board's Bureau of Operating Rights recommended that Hughes Tool be permitted to take over the line. The full CAB must now concur....Delta is now flying non-stop between Chicago and Ft. Lauderdale....Daily service between Chicago and London will be offered by BOAC this summer using VC-10s....Avianca Airlines of South America is celebrating its 50th anniversary this year. The line operates over 37,000 miles of routes today, and serves 170 cities....Sabena has increased New York-Brussels service from 7 to 12 trips weekly....Iran National Airlines has ordered two Boeing 707-320Cs....Ghana Airways and Nigeria Airways are to merge under the name of Air West Africa....Transavia Holland is to receive two Caravelle IIIs....A Comores has ordered a Nord 262 as a replacement for its DC-3....BOAC is to buy British Eagle's 707-320C....For Sale: From Shackleton Aviation of London comes these listings-- 1 312 Brittania; 1 700 series Viscount, 2 BAC 111-304s; 3 Comet IVs; and a DC-6B....Trans-Australia is putting 5 DC-4s up.

METROPOLITAN REPORT -- Apropos of Ken Hayes' article elsewhere in TC this issue comes word that DOT has granted \$43,168 to the city of Portland, Oregon, to enable that city to study ways and means of acquiring and operating its own transit system. Rose City Transit (successor to Portland Traction) will bow out June 12....A new Twin Coach TC-25 has been purchased by Utility Lines of Rockville Center, N.Y....There's democracy among Burlington commuters. They voted 4,420 to 2,736 to schedule Loop-bound trains five minutes earlier, and the railroad will make the changes....The Ontario municipalities of Fort William and Port Arthur, along with two smaller villages, will merge next January 1 into a single governmental entity; both cities currently operate trolley coach systems....Fares going up: Cleveland, adult base rate 30¢ to 35¢, and Rapid fares 35¢ to 40¢; St. Louis, adult base rate 30¢ to 40¢. On both systems other fares will also be raised proportionately; in St. Louis a number of special tariffs will also be instituted....The CTA has announced the composition of the new Citizens' Customer Relations Committee to advise the Authority on matters of improving service and pleasing customers. Warren A. Logelin, a vice-president of AMSTED Industries, is to be chairman; other business leaders will also serve on the board....Former DOT Secretary Boyd has been completely cleared in that conflict of interest case involving the IC's new cars; the grant has also been reapproved....The Rock Island wants a 6% boost in its Chicago area suburban commuter fares....Cincinnati Royals basketball star Oscar Robertson has been elected to the Cincinnati Transit Company board....New Transportation Secretary Volpe is in favor of banning autos from central business districts if congestion worsens....The CTA will play host to the mid-year meeting of the American Transit Association next week.

## NEWSFRONT

**IKE'S LAST JOURNEY** -- Dwight David Esienhower, who gave all of us more than a half-century of service culminating in the Presidency, was laid to rest in his boyhood home of Abilene, Kansas, following a two-day journey by rail from Washington. The train of nine cars (mostly lightweight equipment, though the Eisenhower family and casket rode in heavyweights) departed from Washington's Union Station behind the C&O's George Washington to Cincinnati, then via B&O to St. Louis, N&W to Kansas City and UP to Abilene. Though the route was to be secret to avoid the dangers that beset Robert Kennedy's funeral train last June, the details of route and timing leaked out and thousands turned out along the way to pay their last respects; the train's journey was delayed (but never seriously) and mercifully no accidents occurred.

**THE FAST ONES** -- Penn Central announced another MetroLiner schedule and that the first TurboTrain service will begin on Tuesday, April 8. The latter service will initially consist of one round trip leaving Boston at 7:45 AM and returning from New York at 4:20PM, with a running time of 3:55. The slow schedule is to allow the equipment to be broken in gradually (perhaps CN's experience prompted this move) and spokesmen for PC indicate that the anticipated three hour running time will be met as soon as the train shows dependable performance at the speeds required to meet that schedule. No mention was made of the possibility of the Turbo Train's proposed Boston-New Haven operation, connecting at the latter point with through service MetroLiners; this may be due to problems encountered under NH catenary by Pennsy GG-1's.

The new MetroLiner service, a third round trip, was added on weekdays only non-stop between New York and Washington beginning April 1. The 2½ hour running time shaves another 30 minutes off the schedule of the other two round trips, and is over an hour faster than the Afternoon Congressional.

**CHICO CHIEF** -- The Railroad Club of Chicago will operate a special train via the ATSF from Chicago to Pekin on Saturday, April 26. The run leaves Dearborn Station in Chicago at 8:45 AM, and Joliet at 9:35, making many photo stops on the branch and returning to Chicago by 6:15 PM. Space is limited and must be purchased in advance (round trip from Chicago: \$19.95; from Joliet: \$15.95); orders should be sent not later than April 21 to the Railroad Club of Chicago, Trip Director, 3320 N. Sacramento Ave., Chicago IL 60618.

**ROLLING ALONG** -- Greyhound plans to test a turbine-powered bus this fall. The turbine engine will be supplied by GM's Detroit Diesel division and placed in an MCI unit; which size coach has not as yet been determined. GM will make two versions of the turbine engine, one with a 280 HP rating, a second developing 400 HP; the former would be suitable for a conventional 'Hound vehicle, the latter for a king-sized unit. An automatic transmission will be coupled to the turbine engine....The firm of C. F. Murphy & Associates of Chicago has been directed by the city to finish within 3 to 4 months design studies for the proposed \$300 million O'Hare expansion program. This action is viewed as another delay in making the necessary immediate decisions on the expansion program that is currently under dispute between the city and the carriers. At the present rate of negotiations, the jumbo jet era will arrive at the city's O'Hare field before the city is ready for it....BOAC pilots went on strike March 31; the 1100 pilots plan to stay out 3 to 6 months.