

by HOUSE COMMITTEE ON BANKING
AND CURRENCY
Minority Report

From the Committee Report #1961, submitted to the House on July 3, 1962, to accompany H. R. 11158, the proposed Urban Mass Transportation Act of 1962.

"THIS IS NOT a mass transportation bill at all. Its basic policy is erroneous. It seeks to establish as its fundamental policy that it is a Federal responsibility to subsidize public transportation in communities or places of 2,500 or more in population. We reject that policy as nonsense.

"The Congress should be indebted to the Comptroller General for ferreting out this basic policy. In a long letter appearing in the Senate hearings on its companion mass transit bill, the Comptroller had this to say on this point:

"Section 3 of the bill authorizes the Administrator, Housing and Home Finance Agency, to make loans or grants to public bodies to finance the acquisition, construction, reconstruction, and improvement of facilities and equipment for use by operation or otherwise, in mass transportation services in urban areas. The bill neither defines mass transportation service nor urban areas. Thus, for example, a small busline serving a community of 500 people could under this bill be considered to be an urban mass transportation system. Accordingly, we believe that in order to retain congressional control over the applications of provisions of this section, appropriate clarification as to limitations and standards is desirable."

"The Housing Agency in a memorandum under date of June 6, 1962, responded to the comments of the Comptroller General. Here is the comment of the Housing Agency on this particular point:

"It is not the intention of this bill to provide assistance for all public transportation, and we would have no objection to the insertion in the bill of definitions of these two terms. We would suggest the following language, to be inserted as new paragraphs in section 10(b) of this bill:

"(4) the term *urban area* means any area that includes a municipality or other built-up place of more than 2,500 inhabitants and is appropriate, in the judgment of the Administrator, for a public transportation system to serve communities or others in the locality, taking into consideration the local patterns and trends of urban growth;

"(5) the term *mass transportation* means public transportation by bus or rail, or by other public conveyances moving over prescribed routes."

"The subcommittee did not accept these proposed

amendments of the Housing Agency. In our opinion, the real reason the committee did not do so is that no one relished the prospect of trying to defend on the floor of the House a provision spelling out the fact that communities as small as 2,500 in population were eligible for assistance under this proposed new subsidy-grant program. Now that the Housing Administrator has made clear that a community of 2,500 or more in population is an urban area, as he would interpret this undefined term, the Congress must face up to this fundamental policy decision.

"It is a fact that whatever breaking point the Congress might set, if it approves the bill, as to size of community eligible for the subsidy assistance, it will be making an arbitrary decision. Even with the 2,500 population standard, the 54.1 million people comprising our rural population will be denied any benefits under this subsidy program. Their participation under the program will be the dubious privilege of helping subsidize the public transportation costs of the 125.3 million people living in approximately 6,000 communities of over 2,500 population.

"It is a fact, according to the 1960 U.S. census, that there were only 24 metropolitan areas in the United States which had populations in excess of 1 million people. In our opinion, this fact alone raises serious question as to the validity of the claim that subsidization of mass transit facilities is a Federal responsibility. Should all of the taxpayers of the Nation be called upon to provide Federal subsidy benefits for these relatively few areas where the problem of congestion is most acute?

"It is a fact that it is cheaper to ride mass transit than it is to operate a private automobile in going to and from work. For instance, a 15-cent fare on the New York City rapid transportation system is good for a 25-mile ride. Such a fare would not even pay the cost of gas alone for such a ride in a private automobile. This suggests that there are other powerful factors than the economic factor which enter into the decision of an individual as to whether he will or will not use mass transit facilities.

"It is a fact that approximately 55 percent of the traffic on a mass transit system is carried in but 20 percent of the 24 hours in a day; namely, the morning rush hours going to work and the late afternoon rush hours going home. The resulting peaks and valleys in use of capacity at different times of the day make crowding inevitable at rush hours. And of course the passengers 'grouse'—and make their contribution to the overall image of the 'awful transit problem.'

"It is alleged to be a fact that the fare box will not pay operating costs and debt service on debt issued to maintain and improve mass transit systems. That seems strange to us since 94 percent of the mass transit systems in the country are privately owned and privately operated.

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“The truth of the matter is, this bill would be of little help even if all of the subsidy grants were confined to these 24 largest metropolitan areas. The \$100 million of grants the first year would amount to about \$4 million per area, with additional \$8 million per area in the second and third years. These amounts are insignificant in relation to the \$92.9 million spent for additions and improvements to the New York City transit system in 1961, or the \$315 million Chicago Transit Authority improvement program, or the \$280 million proposed for the Los Angeles program and so on down the line. But the bill, of course, does not limit the aid to just 24 areas. Under the 2,500 population standard for eligible urban areas, more than 6,000 communities would have a right to ask for and expect to receive the free Federal subsidy dollars. Then what would be available for the couple of dozen largest metropolitan areas where supposedly the need is greatest?

“Before anyone writes off small community requests as highly unlikely, let him recall the comment of the Comptroller General to which we early referred, that the bill does not contain any definition of the term ‘mass transportation service.’ Recall that the Housing Agency suggested an amendment could be added which would provide—‘the term mass transportation means public transportation by bus or rail, or by other public conveyances moving over prescribed routes.’

“As previously noted the amendment was not adopted and the term is still not defined in the bill as reported. However, this expression from the Housing Agency clearly indicates the broad interpretation that would be placed on the undefined term ‘mass transportation.’ The sight-seeing horse-drawn coaches in historic Williamsburg could be such a system; so could the cog road up Pikes Peak in Colorado; and for that matter, so also could the monorail train in fabulous Disneyland in California. Can there be any doubt that under this broad interpretation, a schoolbus system could be included as a mass transportation service? We come back to our opening statement: ‘This is not a mass transportation bill at all.’

“Some witnesses before the committee were disturbed that the bill as introduced was slanted toward fostering municipal systems and against privately owned mass transit systems. Cognizance was taken of these protests and so-called private enterprise amendments were added to the bill. The words ‘private enterprise’ now are sprinkled throughout the bill for all to see—but—turn to section 3 of the bill and carefully note the third sentence. It reads in part: ‘No grant or loan shall be provided under this section unless the Administrator determines that the applicant (which in no case shall be a private company) * * *’

“That parenthetical material is the private enterprise ‘but’ clause. We tried an amendment in committee to put private enterprise in by taking that ‘but’ clause out. We were not successful. So private enterprise systems remain just where they were in the bill as introduced; namely, not a nickel of Federal assistance for them directly. The subsidy-grant assistance only can go to a public body or agency which, if it wishes, can contract or lease facilities obtained through the Federal grant to a private enterprise system. Think of it, that is to be the procedure in a business where 94 percent of the transit systems are privately owned and privately operated. Without even having to make a claim, we would guess that most of our citizens would come to the conclusion that this procedure is a bit of socialism.”

by HON. FRANK J. LAUSCHE
United States Senator, Ohio, Democrat

From addresses given on the floor of the Senate on August 2 and September 17, 1962.

“IN ACCORD with the trend of the times, the Congress is considering a \$600 million subsidy to local publicly owned and operated mass transportation systems. The basis for the proposal is the often repeated cry that without Federal aid these local transportation systems cannot survive. The unjustified position is taken that the only solution to the problem lies through grants from the Federal Government.

“Assumption is made that the Federal Government’s fiscal position is strong and rich and, therefore, subsidies can be piled one onto the other.

“There are communities in the country which are trying to solve their own problems; they are trying to find the causes for their difficulties and to remove them. They are not coming to the Federal Government asking for doles, recognizing that on the Federal level we have had deficit operations in 26 out of the last 32 years; that the buying power of the dollar has fallen to 46 cents; that our foreign short-term creditors are drawing upon our gold reserves, refusing to take our currency to such a point that all persons versed with the acuteness of the problem are becoming alarmed.

“A refreshing, encouraging, and stimulating bit of news comes out of Zanesville, Ohio.

“I have a letter addressed to me by the Zanesville Chamber of Commerce, dated July 24, 1962, describing the efforts of that community in taking over a transportation system through contributions in the buying of stock by the general citizenry. In this letter, among other things,

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