

The Antiplanner's Library

Transit's Growth, Decline, and Pending Demise

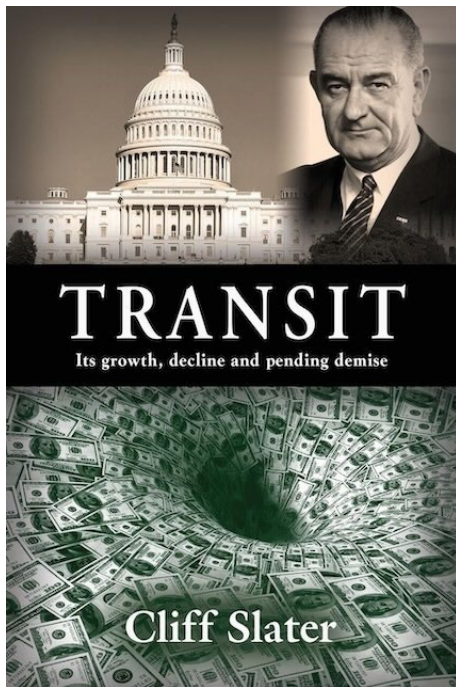
By [The Antiplanner](#) | [February 23, 2024](#) | [Transportation](#)

Who said the following?

"The basic objective of our Nation's transportation system must be to assure the availability of the fast, safe, and economical transportation services needed in a growing and changing economy. . . . This basic objective can and must be achieved primarily by continued reliance on unsubsidized privately owned facilities, operating under the incentives of private profit and the checks of competition to the maximum extent practicable. . . . This means . . . equality of opportunity for all forms of transportation and their users and undue preference to none. It means greater reliance on the forces of competition and less reliance on the restraints of regulation. And it means that, to the extent possible, the users of transportation services should bear the full costs of the services they use, whether those services are provided privately or publicly."

1. Ronald Reagan;
2. Milton Friedman;
3. Ayn Rand; or
4. The Antiplanner?

In fact, the answer is 5. John F. Kennedy. Or at least this statement was contained in Kennedy's April 2, 1962 [message to Congress](#) on having an "efficient transportation system." This means it was probably written by staffers in the Department of Commerce, as the Department of Transportation did not yet exist. Whoever wrote it was at least willing to talk the talk of free markets and fiscal conservatism.



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I was alerted to this quote when I read page 147 of Cliff Slater's new (released December 15, 2023) book on urban transit. I've known Slater for many years and when I learned he was writing a book on transit at about the same time my book, *Romance of the Rails*, was being released, I worried that the two would duplicate one another. Instead, it appears that the two complement one another, as the history he tells is quite different from mine, not because of any disagreements between us but because there is so much history that neither of us could cover it all in a single book.

An example is part IV (pp. 135-214), his detailed story of the passage of the Urban Mass Transportation Act of 1964. Even as some nameless bureaucrat was drafting the above words, Slater

shows that political forces consisting of big-city mayors, downtown property owners, private railroads interested in staunching their losses from running commuter trains, and government-owned transit agencies were working to undermine it.

At the time, there were about 1,100 private bus companies providing transit services in cities and towns all over the country (p. 148). In 1963, the transit industry as a whole lost about \$4 million, but a handful of government-owned rail transit agencies in New York, Boston, San Francisco, and a few other cities collectively lost at least \$41 million (pp. 166-167). That means the 1,100 private bus companies must have collectively made at least \$37 million in profits (about \$450 million in today's dollars). In fact, their profits were even greater as Slater wasn't able to document the losses from rail transit systems in El Paso, New Orleans, Philadelphia, Pittsburgh, and St. Louis.

Despite this, proposals to "save transit" in the early 1960s completely ignored the interests of these bus companies. At a meeting of mayors, city officials, and rail transit agencies, the American Transit Association (forerunner of today's American Public Transportation Association) agreed with the others that any federal funds for transit should not go to private transit operators (p. 147). Their reasoning was simple: most private bus companies were not members of ATA, and since it assessed its membership fees based on the size of the company or agency, it received most of its revenues from the money-losing rail transit agencies, not the few profitable private companies that had bothered to join (many of which quit when it learned that ATA was supporting legislation that would favor public agencies over them — p. 148).

One of the great things about Slater's book is that his associated [web site](#) has all of his [footnotes](#) with links to the original sources whenever possible. I downloaded the *Congressional Record* from which the president's statement quote above was taken and found that even that statement proposed to discriminate against private operators, indicating the authors talked the free-enterprise talk but didn't walk the free-enterprise walk.

The statement observed that urban transportation patterns had changed with both people and jobs moving to the suburbs. It further admitted that urban transit agencies had failed to adjust to this change and "remained geared to the older patterns." It didn't mention that the private bus companies were adjusting, as many were serving suburban areas, but it was the rail transit agencies that remained stuck with their downtown-centric systems.

The president's statement then predicted that urban areas would grow to the point that "well over half" of all Americans would soon be living in just 40 urban areas, a prediction that never came close to happening. The statement then leaps to the conclusion that "Our national welfare therefore requires the provision of . . . modern mass transportation to help shape as well as serve urban growth." To provide such mass transportation, the president proposed that Congress spend \$500 million (well over \$12 billion in today's money) over three years on transit capital improvements. None of the money should go for operating funds, the statement said, and none should go to private transit companies.

In short, the reasoning was: 1) We need efficient transportation; 2) Urban transit isn't working; 3) Let's throw money at it. There seems to have been a major disconnect in this logic.

Slater shows that the public transit lobby skillfully managed the political system in its favor, effectively screwing both taxpayers and the private bus operators. The arguments it used were the same as the ones we hear today: downtown recovery is essential to urban vitality (p. 152); one rail transit line can move as many people as a 20-lane freeway (p. 151); transit will relieve congestion by getting people out of their cars (p. 157); and so on, all of which are refuted by Slater, often using quotes from people at that time. Such skeptics of socialized transit agencies were able to counter those claims effectively enough in 1964 that the Urban Mass Transportation Act passed Congress by only narrow majorities: 212-189 in the House, 52-41 in the Senate (p. 181).

Once federal money for public transit agencies was unleashed, states and cities across the country quickly took over private bus companies and opposition to federal transit spending evaporated. Later transit bills passed overwhelmingly in both the House by 327-16 and the Senate by 84-4 (p. 188). Now it's considered apostasy in the transit industry to worry about profits or to ask users pay to the full cost of the services they use.

I regularly rode private transit buses in the 1960s and remember that the private bus companies may have been profitable but their bus fleets were getting old and state public utilities commissions refused to allow them to raise fares to cover the cost of buying new buses. Things might have turned out differently if some of the federal capital funds could have gone to private bus companies to update their bus fleets with the latest buses. Since buses carried two-thirds of transit riders, an allocation of funds based on ridership would have motivate both private companies and public agencies to design their systems to boost ridership, not please politicians.

Instead, we now are spending tens of billions of dollars a year supporting a socialized transit industry that fully expects that the fewer passengers they carry, the more money they will get. Even if you have already read *Romance of the Rails*, I heartily recommend Slater's book to get the full story of how we got here.