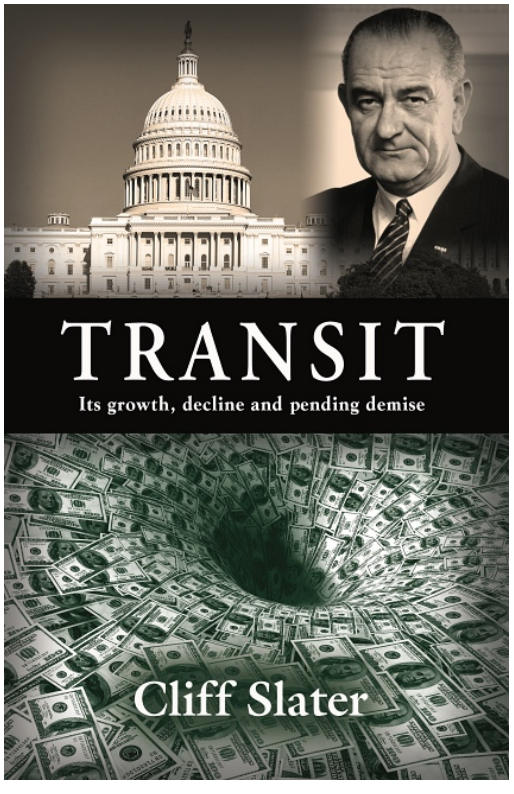

This story is about how transit was totally socialized in the 1970s through the deliberate efforts of federal and city governments. From 1975 they have wasted two trillion dollars in subsidies against nothing prior to that time.

TRANSIT: Its growth, decline, and pending demise

By Cliff Slater

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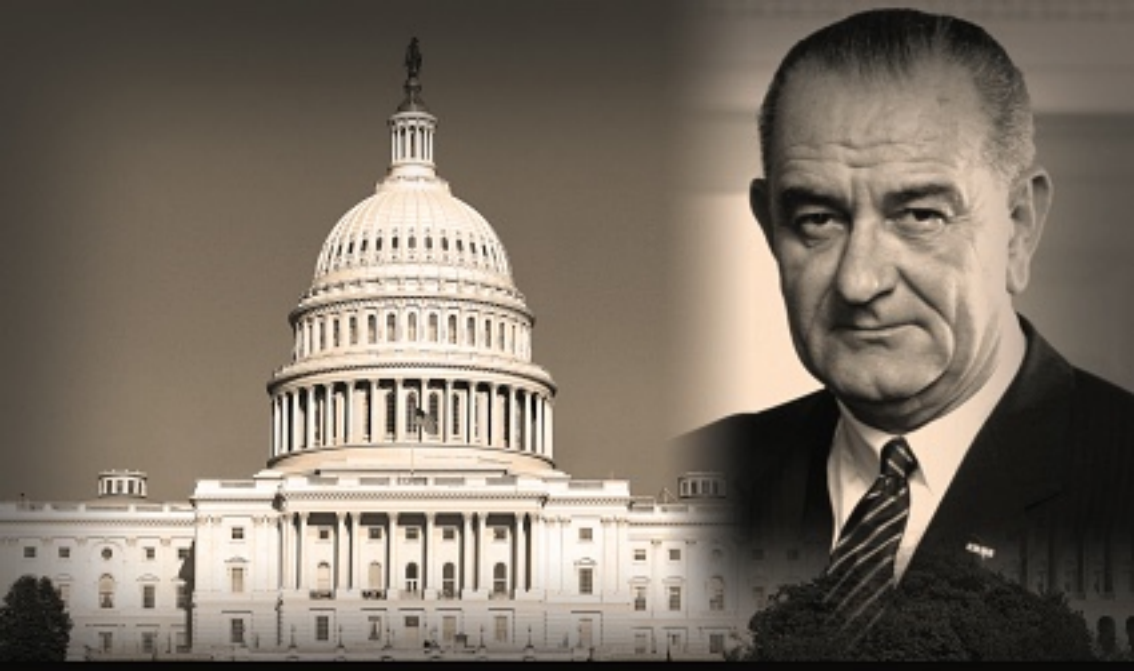

TRANSIT

Its growth, decline and pending demise

Cliff Slater

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Notice to readers

Footnotes

Underlining in any part of a footnote indicates that a link to the information source is available online. The linked footnotes are available at www.cliffslater.com/footnotes.pdf Download them to your phone or tablet to have them at hand while reading.

Spreadsheets

We have created two spreadsheets, which are too large to include in a book and are far more easily navigated when kept as a whole. For this reason we are providing them online in excel format. The sources for the data in these two files are the foot of each spreadsheet. The two files will be referenced in footnotes:

> cliffslater.com/U.S._transit_and_automotive_statistics.xlsx contains non-financial transit data by year, such as ridership from 1860 by transit mode, registered automotive vehicles, total population and urban populations and decennial commuting data, with sources.
>
> cliffslater.com/U.S._transit_financial_data.xlsx, contains such essential data as the CPI-U price index, boardings by transit mode from 1932, total transit employees, vehicle revenue miles operated, passenger miles traveled, and basic financial data such as fare revenues, transit employee compensation, and operating expenses, all presented in *nominal* dollars, *real* 1983 dollars, *real* 2019 dollars, and then in both *nominal* and *real* dollars per boarding.

IV

Turmoil, 1946-1983

The end of World War II brought with it fears that Depression conditions might return. Instead, once industry had changed over to a peacetime footing, a boom ensued. Subsequent steadily rising incomes led to a resumption of rapid growth in auto ownership not seen since the 1920s, and a consequent steep decline in transit use.

This decline led to financial difficulties for many private transit operators. Some in the smallest cities abandoned their franchises because the automobile had made them obsolete. Some sold their businesses to other transit operators, others to city governments. Eventually, all were acquired by local, state, and regional agencies using the then new federal transit funding.

The automobile

Economist Richard Porter tells us: "The automobile made suburbia possible, and the suburbs made the automobile essential."[379]

There had been significant income growth during the World War II, but people could not spend it on cars since no new ones were being built and the government had rationed gas and tires.

Post-war auto growth led to increased city traffic congestion, which further stimulated city populations to continue expanding to the suburbs along with many businesses, especially those involving retail, manufacturing, and distribution. This decentralizing move had a profoundly disruptive effect on city centers, especially the older Eastern ones, as it was shrinking their populations, property values and tax revenues. U.S. automobile registrations during the war

379 Porter, Richard, *Economics at the Wheel*, Emerald Publishing, 1999, p. 1.

dropped by 15% from pre-war levels[380]; gasoline rationing for the public was only 4 gallons a week.[381] In consequence, people had to use transit far more than they would have done otherwise. When rationing ceased at war's end, motorists increased driving by 66%.[382]

Automobile progress

- 1946: Steel-belted radial tires
- 1947: Acrylic paint
- 1948: Chrysler's ignition key
- 1948: Goodrich's tubeless tires
- 1949: Chrysler's disc brakes
- 1951:Chrysler's power steering
- 1952: Blaupunkt's FM radio
- 1960: Chrysler's alternator
- 1964: Ford's Mustang
- 1966: Electronic fuel injection
- 1968: Federal seat belt law
- 1973: Catalytic converters
- 1974: Air bags

A further reason people bought cars was that they would have easier access to more employers in a reasonable time than would be available by transit, which could lead to higher pay and less travel time.

Suburban manufacturing jobs, for example, were not readily accessible by transit running only every hour, unlike inner-city jobs where buses may come every three minutes.

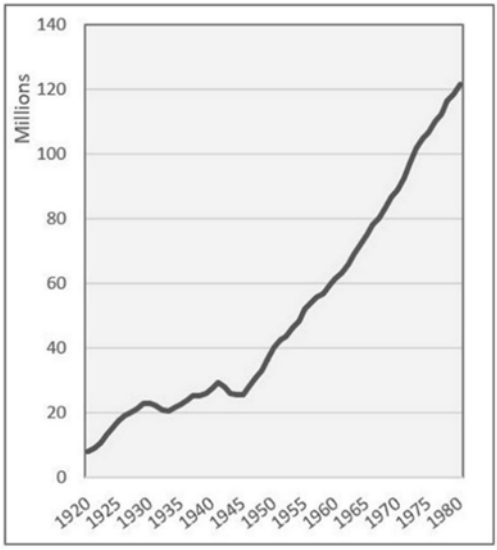
The net result was that automobile sales increased at an even more torrid pace than that of the 1920s. It had taken 45 years, from 1900 to 1945, to register the first 26 million autos. By 1972, only 26 years later, registrations would grow to 97 million, nearly 4 times the 1945 level.[383]

To grasp the full effect of the post-war automobile trend, see the chart at Figure 8 below, which shows the steep 1920s increase, the tepid 3,700 car increase during 1930 to 1944, and the resurgent post-war years when auto registrations increased in one year what had taken 14 years during the Depression and war years. No one foresaw

380 *Historical Statistics of the U.S., Part II,* p. 716, Series Q153; and Fix, Lauren, "The History of Gas Rationing Stickers," *Car Coach Reports,* Jan. 2, 2014.
381 "Should We Continue Rationing Gasoline After the War?" National WWII Museum, Oct. 8, 2018.
382 *Historical Statistics of the U.S., Part II,* p. 716, Series Q 159.
383 "U.S. transit and automotive statistics.xlsx," cliffslater.com.

such post-war growth; the experts' forecasts at war's end for 1960 were typically half of what transpired.[384]

Figure 8
Registered autos 1920-1980[385]



In 1948, the University of Michigan had forecast that the gain in registered autos by 1960 would be 8.8 million;[386] instead it was 28.2 million, well over three times that predicted.[387]

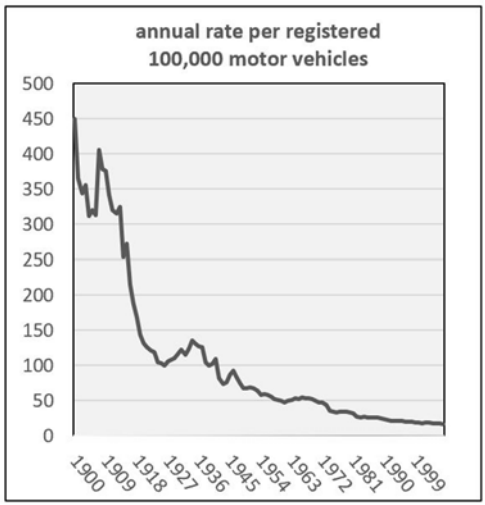
By 1960, we saw the beginnings of the small-car entries into the U.S. market, with the hugely successful advertising campaign launching the Volkswagen "bug," officially known as the Beetle.

Intrusive city freeways, smog and traffic congestion caused the automobile to be seen by some as a major social problem.[388] The author of one of an endless number of anti-automobile books wrote: "The American's marriage to the American automobile is now at an end, and it is only a matter of minutes to the final pistol shot, although who pulls the trigger has yet to be determined."[389] In 1965, attorney and social crusader Ralph Nader wrote: "For more than half a century, the

384 "U.S. transit and automotive statistics.xlsx," cliffslater.com, and DeLeuw, Charles E., "Mass Transportation at the Local Level," in *Planning 1949,* American Society of Planning Officials, Ohio, Oct. 10-12, 1949, p.135.
385 "U.S. transit and automotive statistics.xlsx," cliffslater.com.
386 "How Much Worse Will Our Traffic Get?" *The American City*, February 1948, p. 7.
387 "U.S. transit and automotive statistics.xlsx," cliffslater.com.
388 Flink, James J., "Three Stages of Automobile Consciousness," *American Quarterly,* Vol. 24, No. 4, October 1972, p. 452.
389 Keats, John, *The Insolent Chariots,* J. B. Lippincott Co., 1958, p. 13.

automobile has brought death, injury and the most inestimable sorrow and deprivation to millions of people."[390]

Figure 9
Auto-related fatalities, 1900-2007[391]



There was no discussion of the dramatic reduction in the auto accident rate since the beginning of the automobile and the horrific past transit accidents from which the automobile rescued us.

As Eric Morris. UCLA Ph.D. candidate wrote in *ACCESS Magazine* in 2007:

> In New York in 1900, 200 persons were killed by horses and horse-drawn vehicles. This contrasts with 344 auto-related fatalities in New York in 2003; given the modern city's greater population, this means the fatality rate per capita in the horse era was roughly 75 percent higher than today. Data from Chicago show that in 1916 there were 16.9 horse-related fatalities for each 10,000 horse-drawn vehicles; this is nearly seven times the city's fatality rate per auto in 1997.[392]

Americans paid no attention to the war against the automobile launched in the mid-1960s by Nader and U.S. Sen. Abraham Ribicoff, and embellished with copious amounts of newspaper wailing. None of it made so much as a tiny squiggle in the chart line showing the upward march of U.S. automobile ownership.

390 Nader, Ralph, *Unsafe at Any Speed,* Grossman Publishers, 1965, p. 1.
391 "Motor Vehicles Traffic Fatalities, 1900-2007," U.S. Federal Highway Administration, accessed Apr. 27, 2022
392 Morris, Eric, "From Horse Power to Horsepower," *ACCESS Magazine,* Spring 2007, p. 6.

Change in the cities

After the war, urban businessmen and residents continued to flee to the suburbs, leaving behind declining property values, falling retail sales, and an unsightly collection of decayed buildings and unrented spaces in the cities.[393]

Cities would be transformed largely because of automobile growth. Other factors were government-sponsored urban renewal programs, which converted old slums into immaculate office and apartment buildings, then inadvertently created the new slums: public housing projects.

A principal driver for the growth was how the government would deal with the return of millions of young people to civilian life at the end of the war.

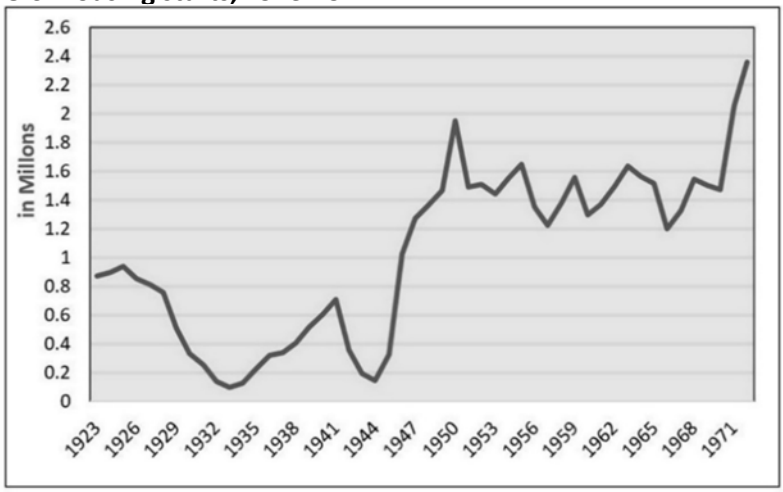
The U.S. government provided low-interest home loans, with no down payment, under the 1944 GI Bill. These generous loans drove demand for new homes to well over three times the pre-Depression level and resulted in factory-produced single-family homes in massive developments.

The first was Levittown, Long Island, New York. Similar developments followed all over the U.S., with shopping centers, playgrounds, swimming pools, community halls and schools. Levittown itself became a national symbol for suburbia during the post-war building boom. Figure 10 below shows the building boom through 1972, with earlier years included to give some perspective on the growth relative to the pre-war period.

For the rest of this period, the biggest battle was between those who wanted to retain and enhance city centers for prestige, preservation of the tax base and city culture, and those who believed that the old transit-dependent cities were dying and dispersion to the new suburbs would lead to a better future.

393 Rose, *Interstate: Express Highway Politics*, p. 55.

Figure 10
U.S. housing starts, 1923-1972[394]



Transportation policies would be decided by those with power, and that was typically the central-city business interests; the suburban businesspeople were too new to have established their own political and business networks.

America's shopping habits were changing as well. The problem was that shopping downtown took too much time, transit was too slow, and driving entailed traffic congestion with inadequate parking at journey's end. Some retailers had moved to the suburbs before the war, but the pace accelerated after the war, with large downtown retailers expanding branches into the suburbs.

The opening of Hampton Village, St. Louis, in 1947 woke everyone up to what the future might bring. This was America's largest drive-in shopping center: 15 square blocks in size, just outside of the city's central business district, with parking for 2,500 cars.[395]

In April 1951, economist George Eberle wrote:

> The important objections of the housewife to shopping downtown are: 'too time-consuming and tiring; crowds; poor

394 *Historical Statistics of the U.S., Part II*, pp. 639-640, Series N156.
395 "A City Within a City," *The American City*, July 1947, p. 155.

> transportation; difficult, inadequate and expensive parking; congestion and heavy traffic.' On the other hand, the objections to suburban shopping are 'poor selection, higher prices, often lack of credit and adjustment facilities.'[396]

Many of the downtown stores resisted the trend to move to the suburbs by fighting for municipally provided parking and better transit. By the 1960s, this would lead to the improbable spectacle of downtown businesspeople calling for their cities' transit systems to be socialized so they could provide better transit service to downtown. They even castigated their fellow retailers who branched out to the suburbs because they "run from this problem instead of facing it."[397] However, the suburban shopping center would prevail and downtown as the shopping mecca would slowly fade.

By 1954, things were changing:

> These [shopping centers] more and more were dealing in those goods which formerly had been a downtown monopoly—goods of only periodic purchase, of high cost, and where shopping for style as well as price is customary. These districts had begun to include facilities devoted to the retailing of clothes, shoes, furniture, household appliances, jewelry, luggage, sporting goods and the like.[398]

By 1958, the trend was clear: "Fewer dollars were spent in downtown in 1958 than in 1954, despite the fact that retail sales nationally increased by 17.5%."[399]

Starting in the 1950s, city centers changed as warehousing, manufacturing and distribution slowly moved out and new office buildings moved in. In Manhattan, for example, fewer people were entering downtown in 1960 than had been in 1948, even though 100 skyscrapers had been built during the interim.

---

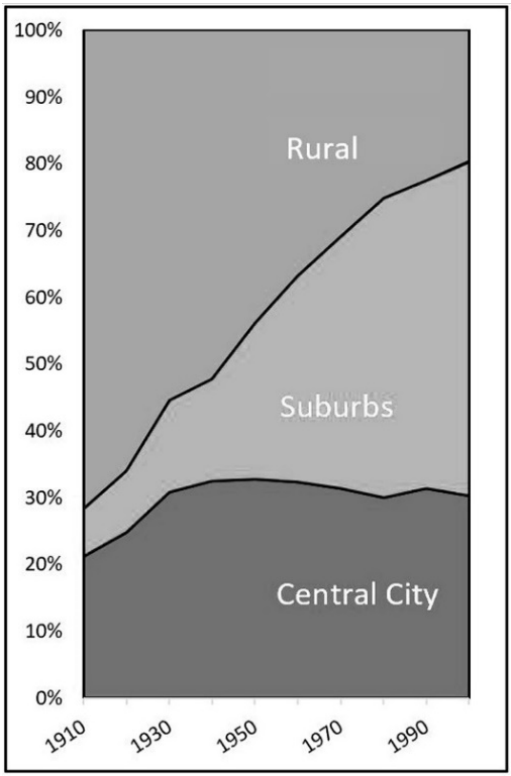
396 Eberle, George J., "Retail Merchant's Interest in the Traffic Problem," *Traffic Quarterly*, Vol. 5, No. 1, April 1951, pp. 123-124.

397 Eberle, "Retail Merchant's Interest," p. 126.

398 Nelson, Richard Lawrence, and Aschman, Frederick T., "Conservation and Rehabilitation of Major Shopping Districts," *Technical Bulletin No. 22,* Urban Land Institute, 1954, p. 5.

399 McMillan, Samuel C., "Recent Trends in the Decentralization of Retail Trade," *Traffic Quarterly*, Vol. XVI, No. 1, January 1962, p. 84.

Figure 11
U.S. population change, 1910-2000[400]



Even New York City's transit use had declined.[401] The city was becoming more commercial and less industrial.

Fortune magazine said:

> If transit riding continues to decline and if automobile use continues to rise unchecked, how can the vital central core of the city survive…The only sure way to relieve congestion and preserve the unifying core of the city, mass-transit advocates contend, is to get people out of private automobiles and into public transit.[402]

Downtown shopping also had less importance because the increasing use of nationally advertised brands and prices meant that consumers could safely purchase many goods anywhere. With national brands, increased advertising, and telephone communication for price comparisons, a single marketplace became less of a functional necessity.[403]

400 "*Demographic Trends in the Twentieth Century*," U.S. Department of Commerce, November 2002, p. 33, Figure 1-15.
401 Kirschling, *Rapid Transit in New York*, p. 26, Figure 2.5.
402 Bello, Francis. "The City and the Car," in Whyte, W.H. Jr., ed., *The Exploding Metropolis*, University of California Press, 1993, pp. 55-56.
403 Smith, Wilbur S., and Theodore Matson, "Will Large Cities Finally Succumb to Transportation Crises?" *Traffic Quarterly*, Vol. VI, No. 4, October, 1952, pp. 405-407.

By the end of the 1950s, nearly a third of Americans lived in the suburbs. Many of the largest cities in the U.S. had declining populations during the decade,[404] with a consequent loss in tax revenues and city culture. There had been moves of commercial activities out of the nation's central business districts before the war, and there was much debate about the future of cities in the decade following. Already by the mid-1960s, downtown was becoming the office and government center, and the industrial, distribution and retail activities were moving out to the suburbs—or already had done so. Gradually, the remaining downtown major businesses would be those services needing large population pools to draw on, such as major financial institutions, communications companies, and major law and accounting firms and other such specialists.

The suburbs had widespread retail and consumer services, such as grocery stores, beauty salons and dentists, where they could thrive on lower rents and adequate inexpensive parking.

Mass transportation legislation

The Urban Mass Transportation Act of 1964 was the cornerstone of all the subsequent amendments resulting in the federal funding of urban mass transit through to today.

Even though no serious money was injected into the program until 1970, the 1964 act controlled future transit outcomes, and we should understand the legislative actions that resulted in its passage.

There were several attempts to pass the necessary legislation but it was not until 1963 that work was started on what would become the 1964 Act.

The data we have used in this section, up to President Lyndon Johnson's signing of the 1964 act, is that which was available to legislators at the time of the hearings. It will help us to know what our congressional leaders had available during the hearings leading

404 Meyer, John R.; Kain, John F.; and Wohl, Martin, *Technology and Urban Transportation,* White House Office of Technology, 1962, Appendix F, Table I. This Table 1 link is a better copy than is in the original book as posted online.

to their votes. It will help us understand whether Congress was effective in analyzing the problem, and whether the legislation was likely to solve the problem.

Note as we now go through the presentations and testimony, the almost complete lack of data to support the case for federal funding. Then compare the data of those opposed to it and the credibility of each of those representing their positions.

The principal documents available to legislators were:

>> *Urban Transportation—A Joint Report to the President by the Secretary of Commerce and the Housing and Home Finance Administration*.[405] Edward Weiner tells us it was largely based on the book Lyle C. Fitch published in 1964, *Urban Transportation and Public Policy*.[406]

>> *Technology and Urban Transportation*.[407] The authors of this document were three of the nation's leading academic authorities on urban transportation:

- John R. Meyer, economics professor at both Harvard and Yale, president of the National Bureau of Economic Research and consultant to the National Transportation Policy Study Commission.
- John F. Kain, chair of both the economics and city and regional planning departments at Harvard.
- Martin Wohl, the director of transportation studies at the Urban Institute and transportation systems professor at Carnegie Mellon University.

405 Hodges, Luther H., and Weaver, Robert C., *Urban Transportation—Joint Report to the President by the Secretary of Commerce and the Housing and Home Financing Administrator*, House Committee on Banking and Currency, Mar. 8, 1962, pp. 678-692.

406 Weiner, Edward, *Urban Transportation in the United States: History, Policy, and Practice—Fifth Edition*, Springer, 2016, pp. 31-32.

407 Meyer, Kain and Wohl, *Technology and Urban Transportation*, Appendix F, Table I.

While working on their 1965 study, *The Urban Transportation Problem*, they quickly produced, at the request of the White House, a book in 1962 titled *Technology and Urban Transportation*, to help influence the legislation eventually enacted in 1964. Since the more voluminous 1965 book could not have been seen by legislators, in this section we have used only material from the 1962 book.

>> *Value of Time, Choice of Mode, and the Subsidy Issue in Urban Transportation*.[408] In this document, Professor Leon N. Moses, director of research at Northwestern University's Transportation Center, and his colleague, Professor Harold F. Williamson, studied what it would cost to encourage drivers to give up their cars and commute by transit. Their work was published in June 1963 and therefore had not been published during the earliest congressional hearings in 1962 and early 1963. However, their testimonies and notes were used during the hearings.

>> *Transit Fact Books*.[409] Published annually by the American Transit Association (ATA), in 2000 renamed by the American Public Transportation Association (APTA), *Public Transportation Fact Books,* they contain a great deal of useful information about the urban transit industry. They were almost the only source of urban transportation statistics publicly available at that time.[410] The data do not cover commuter rail, as the railroads were then controlled by the federal Interstate Commerce Commission.

>> *U.S. Bureau of the Census data.* The U.S. Bureau of the Census provides valuable data about urban commuting.

History of the legislation

The impetus for federal funding started in 1959 as the larger cities had problems funding their commuter rail operations. George M.

408 Moses, Leon and Williamson, Harold, "Value of Time, Choice of Mode, and the Subsidy Issue in Urban Transportation," *Journal of Political Economy*, June 1963, pp. 247-264.
409 *Transit Fact Books*, the archive begins in 1942.
410 Smerk, *Urban Mass Transportation*, p. 60.

Smerk, transportation professor at Indiana University's School of Business, related how the initial spark for the legislation occurred in the 1950s when Philadelphia attempted to have some of its federal highway funds diverted to help cover the losses of its commuter rail operated by the Pennsylvania Railroad Co.[411]

The initial meeting of proponents was in February 1959, when Penn Railroad chair James Symes and Philadelphia Mayor Richardson Dilworth convened a meeting of nine mayors and 17 railroad executives to lobby for federal aid.[412] Essentially, they were seeking to have the federal government pay for the large operating and capital subsidies which the taxpayers of their local governments were unlikely to approve.

There had never been direct federal funding for urban transportation before. There were rumblings about using federal funds to improve transit in the early post-war period, and in 1960 the U.S. Senate actually approved a mass transportation bill. However, the U.S. House ignored it because of opposition from rural and highway interests; Congress overwhelmingly represented rural areas at that time.

The major problem for cities was that declining populations, jobs and retail sales had resulted in declining property values and taxes. The only transit modes with any prospects were heavy rail and motor buses. Light rail, essentially modernized streetcars, had not yet been considered. Commuter rail, considered primarily a railroad issue, was dealt with separately.

In 1961, Congress approved the Housing Act of 1961, with $42.5 million for urban mass transportation. It was for demonstration projects likely to interest the media because of their novelty, such as testing the result of offering free fares. The bill prohibited any spending on capital projects for construction, vehicles, or equipment.

411 Smerk, *Urban Mass Transportation*, pp. 23-40.
412 Danielson, Michael, *Federal-Metropolitan Politics and the Commuter Crisis,* National Housing Center, Columbia University, 1965, pp. 111-113.

In 1962, President John F. Kennedy's Transportation Message clarified the outcomes he wanted for any proposed legislation:

> 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…It 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.[413]

That same year, another mass transportation bill perished in the House, but it sowed the seeds for the next effort.

Later that year. congressional hearings began on what would become the Urban Mass Transportation Act of 1964. It marked the first time Congress had considered funding for transit capital projects, allocating a modest $375 million for the endeavor.

Also, in December 1962, lobbyists for the transit legislation met in Washington to work on strategy. Included were the American Municipal Association (now the National League of Cities), the U.S. Conference of Mayors, the Railway Progress Institute, the Institute for Rapid Transit, the New York State Association of Railroads, the ATA, representatives of various publicly owned transit operations and some elected officials and representatives of the administration.[414]

In the minutes of this meeting, we learn that ATA President George W. Anderson told the members that ATA did not endorse direct assistance to private operators, and the group agreed that the bill should not provide it.[415] This was astounding, since ATA's

413 "Efficient Transportation System: Message from the President of the United States," *Congressional Record—House,* Vol. 108, Part 5, Apr. 5, 1962, pp. 5985-5991.
414 "Minutes of Urban Mass Transportation Legislation meeting," Dec. 13, 1962, p. 1.
415 "Minutes of Urban Mass Transportation Legislation meeting," Dec. 13, 1962, p. 2.

membership overwhelmingly consisted of the private bus operators who were mostly arguing for either direct funding or no funding, since they believed they would never receive direct funding unless it was mandated in the legislation, as they had testified.

Of the 1,247 U.S. transit companies, of which 1,177 were bus-only operators,[416] only 250 were members of ATA. Of these, about 70 were publicly owned, and these were mostly the largest U.S. city operators urging government subsidies.

ATA's position caused resignations from many members, including a former ATA president. Even then, the organization attempted to convince Congress that its members supported the proposed legislation when clearly the proposed legislation was not in the best interests of the private operators.[417]

With ATA now favoring the legislation, no organization represented the views of the private transit bus industry. The National League of Cities, the U.S. Conference of Mayors and the National Association of County Officials represented the cities; the Association of American Railroads represented commuter rail interests; the Institute for Rapid Transit represented publicly owned heavy rail; but no one represented the private bus industry.

It is perplexing that no group of bus operators had established such an organization. There were about 1,100 private bus operators, all with the same interests. Yet over the next 20 years, all would lose their independence. A few would survive as contractors to city governments; the vast majority would be purchased or condemned by city governments.

Up to this point, organized labor had not been enthusiastic about the legislation because union jobs might be lost. But then, according to the official history of the Amalgamated Transit Union (ATU), members in Miami:

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416 *Transit Fact Book—1962 Edition*, p.1.

417 "Conflicting positions on the Mass Transportation Act of 1962," *Congressional Record—House*, Aug. 20, 1962, pp. 18037-18038.

> suffered a bitter defeat which cost the members of Local 1267 their jobs and their local union its status as bargaining representative for the transit system. This painful experience brought home the need for federal labor protections, especially in those areas where the union could not overcome the political power of its enemies.[418]

The ATU planned to place significant labor-related safeguards into the proposed legislation. Proponents of the legislation supported that effort to ensure union support of the legislation. ATU's principal safeguard became Section 13(c) of the act,[419] which required that if an entity acquired a mass transportation company using federal funds, it called for significant protections for the company's existing employees.

In 1963, labor unions joined with central-city interests, the publicly owned transit agencies, and the railroads to form the Urban Passenger Transportation Association to lobby for federal transit assistance.

Work also resumed on the Urban Mass Transportation Act of 1964. The majority position of the Senate Commerce and Banking Committee was that automobiles were having a detrimental effect on U.S. cities:

> This decline in passengers and the corresponding reduction in revenues, coupled with rising costs, has imperiled the ability of mass transport carriers to continue providing adequate rush-hour service…The increased automobile traffic has prevented the efficient and rapid operation of surface mass-transit vehicles which use the same rights-of-way…It also increases street and highway congestion, accentuates downtown parking problems, and lowers the values of residential property, to mention just some of the ill effects on the community…In the last decade the number of private motor vehicles on the streets has been increasing faster than the population. The availability and convenience of this mode of transportation has put it into strong competition with mass transportation…One of the

418 Amalgamated Transit Union Staff, *A History of the Amalgamated Transit Union*, Amalgamated Transit Union, September 1992, p. 90.

419 Recodified as 49 U.S.C. 5333(b)

> factors contributing to the deterioration of mass-transit service in many areas is the inability of the system to maintain an adequate level of capital investment in new facilities and equipment…According to the American Transit Association, these declines in riding, with their resulting serious financial impact, have caused the sale or abandonment of many transit companies in recent years. The committee was informed that since the beginning of 1954, a total of 211 systems have been sold and 152 abandoned…There is a new and emerging concept of the downtown which sees the basic purpose of downtown as providing those unusual and unique services and goods which cannot be economically supported in suburban locations. It should mean for all of the people in the area access to a more diverse and livelier life through improved employment opportunities and shopping facilities, through the cultural institutions of the area, and through numerous opportunities for amusement and entertainment. Many of these functions and opportunities will not be carried out and will not be available unless they can survive in the core of the city.[420]

In effect, people were moving out of the cities to the suburbs with a negative effect on downtown property values and taxes. It was imperative to preserve these values.

Proponents believed they could resolve these issues in the largest cities by building new, state-of-the-art rail transit systems, and in other cities by rejuvenating their bus systems with modern buses.

These were the messages of the central-city interests allied with rail transit proponents, who were the primary supporters of this legislation. They were being delivered in newspapers and in the congressional hearings. In testimony alone, the proponents outnumbered the opponents by 20 to 1.

'Balanced transportation'

A primary message of the legislation's proponents was that highway programs encouraged automobile use at the expense of transit. Since Congress had spent billions of dollars on highways—

420 "Majority Report," Senate Committee on Banking and Currency, *Congressional Digest*, 42:1-32, January 1963, pp. 10 and 12.

and nothing on mass transit—proponents rationalized a program for mass-transit funding based on "balance" between highway and transit funding, ignoring that most of the highway funds came from federal gas taxes imposed on motorists.

Throughout the 1960s, the proponents argued that one track of rail transit could carry as many people as 20 lanes of highway and eliminate the need for downtown parking. Yet, since 1956, the federal government had spent a hundred times more on highways than on mass transit.[421]

Francis Turner, director of public roads for the Federal Highway Administration, addressed this issue in 1968 during a speech to the Mississippi Valley Conference of State Highway Departments:

> A statement often made and recently repeated in a national magazine is that "one track of (rail) transit can carry as many people as 20 lanes of highway." This is carefully worded to be misleading. Assuming that a single rail line would have a capacity of 40,000 persons per hour, 20 lanes of highway would need have only 2,000 persons per hour in each lane to equal this volume. Actually, a single traffic lane devoted to buses exclusively can carry 50,000 persons per hour.[422]

In addition, in data available for the first time in 1980, we learn that automobile users traveled 50 times more passenger miles than transit commuters—2,011 billion versus 40 billion.[423] Much of the money spent on highway construction and maintenance was to strengthen them so they could be used by heavy trucks hauling the nation's supplies; the additional expense was not for passenger car use.

The gasoline tax, and other automotive taxes more than paid for the highways, according to a U.S. Department of Transportation

421 Welles, Chris, "Vehicular Revolution—the Ruckus It Stirs," *Life,* May 12, 1967, pp. 34-35.

422 Turner, Francis C., "Where are we going?" 59th Annual Meeting, Mississippi Valley Conference of State Highway Departments, Chicago, Mar. 14, 1968.

423 "Table I-40 Passenger Miles (Millions)," U.S. Bureau of Transportation Statistics, U.S. Department of Transportation, Apr. 14, 2017

study.[424] The claims that highways were highly subsidized invariably made the error of including the expenses for all roads instead of only the highways paid for by the Highway Trust Fund.

As of 1960, transit commuters were only 12.1% of all commuters, a figure that would drop to 5% by 1990.[425] Federal spending on highways covered the whole country—urban and rural—so that comparison would be 30 billion passenger miles for transit and 2.3 trillion passenger miles for cars, a 67:1 ratio.[426]

'A new and emerging concept of the downtown'

Advocates of federal funding for transit systems claimed that the nation's downtown areas needed revitalization to mitigate the flight of city residents to the suburbs.

This was mistaken. The older downtowns had been established in the pre-transit era and formed dense city cores with their attendant higher land values. Automobiles were a decentralizing force that had led to dispersed forms of city growth, based on changing social, business and shopping patterns. This prompted a reduction in city-center values and property taxes, and a reduction in the population of many city centers.

The old city-center land values were too expensive to provide either adequate street space or reasonably priced parking spaces necessary to satisfy the new auto-centric residents.

Proponents of federal subsidies did not understand that the automobile was not just a vehicle, but a disruptive technology, just as the electric streetcars had been in their time when their hub-and-spoke route patterns changed U.S. cities.[427]

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424 "Federal Subsidies to Passenger Transportation," Bureau of Transportation Statistics, U.S. Department of Transportation, Dec. 1, 2004, pp. 1-2.

425 McGuckin, Nancy and Srinivasan, Nanda, *Journey to Work Trends in the United States and its Major Metropolitan Areas, 1960-2000*, U.S. Federal Highway Administration, June 30, 2003, p. 1-16, Exhibit 1.18.

426 "Table I-40 Passenger Miles (Millions)," The earliest data available for transit passenger miles is 1977, and 1975 for automobile passenger miles, see "U.S._transit_and_automotive_statistics.xlsx," cliffslater.com.

427 See illustration showing Boston's growth in Chapter 1, p. 2.

The streetcar had been considered an essential public utility—as essential as water and electricity—since it had been the only transportation in the early pre-automobile suburbs. But now the automobile was the new utility. Its main disruptive effect was to encourage dispersion to the suburbs, because:

>> The automobile allowed people to live in the suburbs, with much larger yards and more affordable homes.

>> Suburban shopping centers, easily accessible by car, made shopping far less time-consuming.

>> Manufacturers could leave their compact three-story downtown factories for more affordable and efficient single-story properties outside the city that also included abundant parking for their customers, vendors and employees.

>> Retail merchants in the suburbs no longer had to worry how their customers would park, nor did they have to be concerned about how their suppliers' trucks could make deliveries, both of which had been serious issues in their former downtown locations.

Given the new suburban amenities such as drive-through banks, movie theaters and restaurants, the suburbanization trend would not change; suburban life was preferable for most people.

As early as 1954, *Fortune* magazine wrote:

> Transportation experts are almost ready to concede that the decentralization of urban life, brought about by the automobile, has progressed so far that it may be impossible for any U.S. city to build a self-supporting rapid-transit system.[428]

U.S. Sen. Norris Cotton of New Hampshire testified at hearings in 1963 that:

> Considerable light is thrown on this situation by a report entitled Technology and Urban Transportation.[429]…The report was prepared at the request of the White House…[It] notes that evening rush-hour traffic leaving downtown Detroit has declined by about 8% over the 10-year period ending in 1953. In Chicago, the rush-hour traffic leaving the downtown area

428 "Anyone for Monorail?" *Fortune*, July 1954, p. 106.
429 Meyer, Kain and Wohl, *Technology and Urban Transportation*.

> has declined over the last 10 years, despite a 20% increase in the population of the metropolitan area, and despite the continued existence, and even expansion, of a well-developed rapid-transit system. In Minneapolis, there has been a steady decline in the number of people entering the central business district each day—a decline which has amounted to 16% since 1947. In New York City, a 10% decline has occurred between 1948 and 1956 in the number of people daily entering downtown Manhattan, and other examples are cited.
>
> As the report points out, the growing decentralization of our major cities poses major problems for mass-transit enterprises. Indeed, it states that "the best future public system may not be mass transportation as conventionally conducted in the past."[430]

The authors of the report—Meyer, Kain and Wohl—believed that the shift away from the city centers was understated:

> These data clearly show that the rate of increase in both population and manufacturing employment have been much greater in the ring (the area in the [Standard Metropolitan Statistical Area] outside of the major incorporated city or cities) than in the central-city or incorporated area itself. In fact, the population and or employment of many central cities has declined. However, these data understate the actual decentralization or diffusion because most of the central-city employment and population growth occurred in the outer parts of the city center.[431]

The authors showed that central-city populations and employment had declined, particularly in Eastern cities, while suburban populations had increased markedly. The same was true for manufacturing jobs.

Downtown shopping also had declined between 1945 and 1961. This was confirmed in the retail sales of central business district stores versus those of the suburban stores; the further out from the central business district, the greater the sales increases.[432]

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430 "Mr. Cotton," *Congressional Record*, Senate, Apr. 2, 1963, p. 5401.

431 Meyer, Kain and Wohl, *Technology and Urban Transportation*, p. 13.

432 Meyer, Kain and Wohl, *Technology and Urban Transportation*, Table III. This link yields a better copy of Table III than is in the online book.

In 1957, Wilfred Owen, the Brookings Institution's transportation expert, commented:

> There were many vain and costly attempts to combat the "traffic jams" of those days. Equally fruitless were efforts to "modernize" public transit and to persuade frustrated drivers to abandon their cars and ride the bus. All these efforts designed to improve transport conditions were bound to fail, of course, because the problem was not primarily one of providing better transportation, but of building better cities."[433]

Lyle Fitch, author of the 1964 book *Urban Transportation and Public Policy*, downplayed the central-city loss of jobs discussed in *Technology and Transportation,* by writing that, "The central-city populations of three-quarters of the nation's metropolitan areas increased."[434] However, if we examine the top 10 largest cities as of 1900—which are those that were established before the automotive truck and car, none escaped a decline in population in their central cities.[435]

As Meyer, Kain and Wohl explained, "The most serious problem of existing [central business districts] is that they were designed for an outdated set of technical conditions, the most serious single problem being an inadequate separation of truck, private vehicular and pedestrian traffic."[436]

They further explained:

> In sum, improvements in transportation and communication technology, both recently and historically, have tended to make one piece of land increasingly like another piece of land as a location site. Superimposed on top of this "negative influence," reducing at least the relative attractiveness of the central-city, is

433 Owen, Wilfred, "Transportation," *The Annals of the American Academy of Political and Social Science,* Vol. 314, November 1957, p. 30.

434 Fitch, Lyle C., *Urban Transportation and Public Policy,* Chandler Publishing, 1964, p. 27.

435 Meyer, Kain and Wohl, *Technology and Urban Transportation*, Appendix F, Table 1. This table 1 is a better copy than the book as posted online. Nine of the 10 cities are starred in the table. New York City's Manhattan declined by 13 percent between 1950 and 1960; See also Demographic history of New York City, *wikipedia.org.* Aug. 30, 2022.

436 Meyer, Kain and Wohl, *Technology and Urban Transportation*, p. 9.

> the further fact that some recent changes, particularly in passenger transportation and the layout of manufacturing production, have tended to make unencumbered open spaces, usually found only at the outskirts of a city or beyond, positively advantageous for certain activities…These underlying forces for decentralization would be operative independent of any public policy influences since they are attributable to fundamental changes in technology, income levels and consumer tastes.[437]

U.S. Sen. Wallace Bennett of Utah in a 1963 hearing said:

> I am of the opinion that the move from large cities to other, less congested areas is not primarily because of inadequate transportation, but has been caused by such factors as dirt, crime, poor living conditions, decay and other undesirable conditions. There is no evidence to suggest that the trend away from the central-city is detrimental to the welfare of the citizens or the economy of the United States as a whole. Some communities have benefited greatly from the relocation of industrial facilities. Movement of industry, no doubt, has resulted in more modern, more efficient and more productive facilities—as well as more pleasant and safer working conditions. Decentralization of new factories and offices has required increased investment and thus created greater employment opportunities for the whole economy. It seems only reasonable that if mass-transit systems will be of benefit to the metropolitan area socially and economically, these areas should be willing to pay for them. If such monetary and nonmonetary benefits to the central cities are not sufficient to warrant this investment, then it would be difficult to justify a federal subsidy for such transit systems on any basis of national benefit.[438]

In the House, U.S. Rep. Harold Collier of Michigan commented:

> We have seen in the past 15 or 20 years a tremendous growth in the suburban areas. We have also seen the movement of industry from the large cities into the suburban area and the growth of large shopping centers. This is a way of life that nothing is going to stem. It is a healthy condition, and if these areas benefit because it is more convenient for workers and

437 Meyer, Kain and Wohl, *Technology and Urban Transportation*, pp. 10-11.
438 "Mr. Bennett," *Congressional Record—Senate*, Apr. 1, 1963, pp. 5325-5326.

> shoppers to rely less and less upon traveling "downtown" for employment, shopping or entertainment, I see no reason for government subsidies to try and change it.[439]

Jane Jacobs, journalist and author of the pathbreaking book, *The Death and Life of Great American Cities*, commented on ongoing traffic improvements,

> Because more palliatives generate more traffic and make the auto more attractive, it generates more traffic and therefore the solution keeps receding. There should in theory be a point where a balance is arrived at where demand is satiated. When a city has become a sufficiently homogeneous and thin smear, it should have the traffic problem, in hand.[440]

"Increased transit will get drivers out of their cars"

The second presupposition of the legislation's proponents was that new and expanded transit systems will get people out of their cars and onto mass transit, and thus lessen traffic congestion.

It is difficult to understand why they would think that. The cities with existing rail lines all had declines from wartime so had capacity, yet they had declining ridership. One of the principal reasons was declining city center employment as shown earlier in pages 141-143.

In 1962, Leon Moses, director of research at the Northwestern University Transportation Center, testified before the U.S. Senate Commerce Committee that some people would not ride transit unless you paid them.[441] He wrote in *The Washington Post*, also in 1962, that "the cost of subsidizing any large-scale conversion to transit could be greater than all the subsidy programs we have ever engaged in—agricultural, maritime and defense included."[442]

In the 1962 hearings, he said it would take a payment to motorists of $1.80 per day per auto to get 33% of commuters' automobiles off

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439 "Mr. Collier," *Congressional Record—House*, June 24, 1964, p. 14929.

440 Jacobs, Jane, *The Death and Life of Great American Cities*, Random House, 1961, p. 353.

441 "Statement of Dr. Leon M. Moses, Director of Research, Northwestern University Transportation Center," before the U.S. Senate Committee on Commerce, Sept. 18, 1962, p. 38.

442 Mr. Leon N. Moses, *Washington Post,* May 2, 1962. p. Bl.

the road.[443] In 2019 dollars it is $15.55 per day per auto, or, assuming a 5-day work week, $376 per month.

He also testified that his data on the cost of diverting motorists to transit, while high, still did not account for issues of disutility (strap-hanging, making transfers, being tightly packed) relative to the automobile, and that it might drive up the diversion prices he had calculated. Further, he said: "Substantial increases in the cost of downtown commuting could solve the traffic congestion problem by encouraging a faster movement of manufacturing and business establishments from the core area of the city to suburban areas, or even to the newer, less well-developed portions of the country."[444]

In 1964, U.S. Sen. Frank Lausche of Ohio testified:

> To listen to the proponents of the transit bill, however, the uninformed on this issue would get the impression that transit is withering on the vine because of some strange and invidious external force, and that, like the boll weevil, the federal government should help exterminate it by subsidization.
>
> When we get to the heart of the matter, the problem is people. People who prefer to travel according to their own likings. And no amount of superficial enticing will get people to use transit, even if it is given away free, using their tax money, of course...The government subsidized commuter demonstration project in Boston proved to a considerable extent what Dr. Moses was trying to explain to the Senate Commerce Committee. Under a demonstration project approved by the Housing and Home Finance Agency, the mass transportation commission in Massachusetts was given $1.3 million in subsidy to try to determine if people would return to commuter railroad service in the Boston area. Fares were drastically reduced and service was increased and improved. In spite of this—plus all the publicity given to it—the experiment failed to attract sufficient riders to prove that such an operation could be self-sustaining, at least in the Boston area. The railroads involved, after only nine months trial, petitioned to abandon their

443 "Statement of Dr. Leon N. Moses," Sept. 18, 1962, p. 43.
444 "Statement of Dr. Leon M. Moses," Sept. 18, 1962, p. 48.

> experimental, and in some instances, their regular commuter service.[445]

As Sen. Cotton testified:

> Personally, I have a suspicion that most Americans are likely to continue driving to work until someone invents a transit system that will pull into his driveway, take him to work at a time he chooses to leave, and stop at the bakery or drycleaners on the way home.[446]

Writing in *U.S. News & World Report* in 1962, U.S. Public Roads Administrator Rex Whitton had noted:

> I believe New York must be the worst place in the country for traffic congestion. Yet they have subways, commuter trains and buses. They also still have traffic congestion.[447]

He might have added that New York's rail transit system had excess capacity; it had 34% fewer boardings than it had in 1945.

Thomas Conway, the noted transportation author, commented:

> The fact that growth of the rapid-transit cities from 1950 to 1960 was predominantly in outlying areas, without rapid transit, raises in an acute form the question as to whether rapid-transit line should now be extended into the outlying metropolitan areas.[448]

The heavy rail lines had declined from wartime highs to their pre-war levels by 1949, and then slowly slid another 19% below those levels by 1962. The difference between wartime highs and 1962 meant they were operating at only two-thirds capacity and had room for greatly increased ridership.

Transit was not falling apart

While proponents pictured the state of the transit industry as dire, in 1963 the industry as a whole was breaking even and the private operators solidly profitable.

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445 "Mr. Lausche," *Congressional Record—Senate*, May 27, 1964, pp. 12133-12134.
446 "Mr. Cotton," *Congressional Record—Senate*, Apr. 2, 1963, p. 5401.
447 Whitton, Rex M., "Are Cars Really Strangling Cities?" *U.S. News & World Report*, Oct. 8, 1962, p. 64.
448 Conway, Thomas Jr., "1950-1960 Population Shift Poses Transportation Problem," *Traffic Quarterly*, Vol. XV, No. 1, January 1961, p. 71

In their 1962 brief for the White House, Meyer, Kain and Wohl found:

> In several important respects, in fact, performance of urban transportation systems recently has held constant or improved, particularly in the last seven years, when highway construction began to accelerate and the rate of growth in the automobile stock declined.[449]

In 1965, they wrote:

> [It] is not at all clear that the quality of urban transportation has been declining in most cities. On the contrary, it seems to have improved in the last five years, if such quantitative measures as the number of transit route miles or the time required to complete commuter trips of a certain length or to clear a central-city of people going home in the rush hours are applied.[450]

The unprofitable companies included virtually all the publicly owned rail transit systems and the other money-losing publicly owned surface systems, such as New York's Metropolitan Transportation Authority buses, San Francisco's MUNI, and Boston's Massachusetts Bay Transportation Authority (MBTA). In 1963, those systems lost $21.3 million, $7.7 million, and $18.2 million, respectively.[451] For the industry to break even, all these losses had to have been offset by the general profitability of the private bus operators.

It might have been literally true, as subsidy proponents claimed, that, "Since 1954, 211 systems have been sold and 152 abandoned,`" but it was misleading. Other than in the smallest communities where transit was no longer viable, the sale and abandonment of transit companies consisted mostly of transit companies changing hands from the inefficient operators to the efficient ones, as Roland St. John,

449 Meyer, Kain and Wohl, *Technology and Urban Transportation*, pp. 28-30.

450 Meyer, John R.; Kain, John F.; and Wohl, Martin, *The Urban Transportation Problem,* Harvard University Press, 1965, p. 360.

451 "Table 20.pdf," cliffslater.com, a restructuring and explanation of Table 20 from Owen, Wilfred, *The Metropolitan Transportation Problem,* Brookings Institution, 1966, p. 95.

of the St. John Transportation Co., and others testified before Congress in 1962.[452]

A careful review of the list of private companies provided by ATA showed this.[453] Its listing did not account for systems sold from one operator to another in the normal course of business. Nor did it account for those that were abandoned and taken over by other operators. For example, St. John testified that he had taken over six or more abandoned transit operations in the previous 10 years and made them healthy.

As to financial difficulties causing the sale or abandonment of many transit companies, St. John testified:

> I have been in the transit business since 1928 in Dayton, Ohio, and in the past 10 years I have taken over…defunct operations where the operators said they couldn't make it anymore and decided to quit. I have been able to maintain and operate those. I have made a small profit on them…I happen to be the one that operates the Evansville transit system. I took that over in February of 1959. At that time the operator just ceased operation one morning and pulled out of town. Within 10 days I had equipment on the street, and it has been a good operation since, and I have improved equipment and service.
>
> I took over the Terre Haute, Indiana, system on practically the same basis…I took over Saginaw, Michigan, on January 11 of this year. There was a company there, and they just notified the city one day that they were going to quit. The mayor, knowing of my operation, told me to come in, and I went in and have been operating since January 11, and now have a [profit]. I have had to eliminate a lot of unnecessary help: supervisors, secretaries, vice presidents, board of directors, and a good many other things; we don't have all that.[454]

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452 "Statement of Roland E. St. John, President and General Manager, St. John Transportation Co., Dayton, Ohio," before the U.S. Senate Commerce and Banking Committee Hearings, Sept. 19, 1962, pp. 67-69.

453 "Statement of George W. Anderson, Executive Vice President, American Transit Association," before Sub-committee No. 3 of the U.S. House Banking Currency Committee, May 11, 1962, pp. 743-755.

454 "Statement of Roland E. St. John, Sept. 19, 1962, pp. 67-69.

At a hearing in 1963, Sen Lausche recalled the earlier testimony of Bernard E. Calkins, president of Rapid Transit Lines, Inc.:

> He said that he took over those systems and has made them a going concern…He also testified that he has had the cooperation of public officials in allowing him to charge a rate or fare that would make the business a success. I respectfully submit that where they have not been able to operate on a self-sustaining basis, it has been because of interference of the local public officials in not permitting the operators to charge rates of fares that would be self-sustaining. Subsidies were granted by the local officials. Now they come to us and say, "You join us in these subsidies." I am not going to agree to be one of the joiners in such a program.[455]

American Transit Corp. had successfully taken over 29 companies during the 1950s and early 1960s. American Transit Enterprises and City Coach Lines Inc., among others, bought or took over many of the troubled lines and turned them around.[456]

Other transit operators supported these statements. Their views are more fully described in this footnote.[457]

The small towns usually dropped service altogether because with the availability of the automobile, there was little demand for transit service.

When a bus operator informed city administrators it would have to pull out unless allowed to increase its fares, the city's choices were to turn to one of the several bus operators noted for turning around distressed operations to see if they would be interested in taking over.

Failing any offers from them, they could allow the operator an increase in fares, a decrease in service or a decrease in taxes. They could let it fail, or they could take over the operation and run it themselves.

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455 "Mr. Lausche," *Congressional Record—Senate*, Apr. 1, 1963, p. 5325.
456 Slater, Cliff, "Notes on the private turnaround operators.pdf," cliffslater.com.
457 Slater, Cliff, "Congressional testimony by private turnaround operators.pdf" cliffslater.com.

Paul Dittmar, chairman of Safeway Southern Lines, a private Chicago bus operator, testified in the hearings: "It is people who have left transit, it is not transit that quit."[458]

He said that if transit has financial problems, it is because the cities were failing to control automobile traffic and parking and imposing too much taxation on transit operators. If that was not the problem, it was poor management by the operators, who were not reducing their service sufficiently to bring it into balance with their reduced ridership. As for the alleged deterioration of mass transportation services and facilities in urban areas, Dittmar said this was not the case. He said, "I might say that in all of these companies, the equipment is in first-class condition, no better equipment anywhere."[459]

The core of the U.S. transit industry was 14 heavy rail lines, all publicly owned, in the largest and oldest cities, and about 1,160 bus companies, mostly privately owned, with a few vestigial streetcar and trolley bus lines.

The issue was how to keep the service provided to the public in balance with the decline in ridership. The turnaround operators simply balanced the service provided commensurate with the new ridership levels. They lengthened the time between buses, cut unpatronized routes and shortened other routes so they could maintain the riders per bus needed to cover costs.

The turnaround operators might also negotiate new fares and a decrease in taxes with their city regulators.

If any there were any money-losing routes that a city wanted to retain, the turnaround operators could offer to operate the route on a "cost of service" basis, which meant that the operator was compensated on a cost per mile or similar basis, regardless of passengers carried.

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458 "Statement of Paul Dittmar, Chairman of the Board, South Suburban Safeway Lines, Inc., Chicago, Ill.," before U.S. Senate Commerce Committee, Sept. 20, 1962, p. 104.

459 "Statement of Paul Dittmar," p. 109.

That there were many bus operators who gave up in the early 1960s can be understood, as many operators knew the business only in the highly profitable years from 1940 to 1955. Then when faced with rapidly declining ridership, they did not have the experience or inner fortitude to rework their businesses.

In Memphis, Tennessee, the transition to a municipally owned operation was accomplished on January 8, 1961. Since state law prohibited collective bargaining in public employment, the city contracted with a private company to manage and operate the public system. The company bargained a labor contract with Local 713 of the ATU, which had represented the employees of the former private company. This management company arrangement later became known as the "Memphis Formula."[460]

Some cities, such as Wausau, Wisconsin, went to extraordinary lengths to keep their private operators alive and see them through to profitability and expansion. They would help with loans, financial advice and a nurturing attitude. Lausche entered a list of these successful efforts into the hearings.[461]

Other cities opted to run the bus services themselves, by either buying the buses and hiring transit management firms to run them or running them themselves. A majority opted to have management firms run their operations. The turnaround operators were also in that business. Judging from the number of successful turnarounds of abandoned systems, one would have to believe that many systems had been owned and operated by incompetent management, as Dittmar had suggested. The war years through the early 1950s were a prosperous time for the private bus companies and may have spawned some poor business practices. Data published at the time by the ATA, a supporter of the proposed legislation, in their annual

460 *A History of the Amalgamated Transit Union,* pp. 89-90.
461 "Mr. Lausche," *Congressional Record—Senate,* Feb. 20, 1963, pp. 2607-2615.

Transit Fact Books, corroborates much of the transit operators' testimonies.[462]

ATA's *1962 Transit Fact Book*, showing 1961 results, shows that bus fare collections increased, with motor bus operating revenues (fares) increasing by 1% in real dollars between 1950 and 1961.[463]

The transit industry was profitable through 1962, private bus companies for longer. Operating income for the entire transit industry, including depreciation costs, was profitable, although only 2% and declining. Tax costs, averaging 6% of revenues, were far higher than profitability. Profitability for the bus industry was not shown separately.[464]

Transit industry employees were earning more. Average annual earnings per employee in real dollars rose 31% in the same period.[465]

Real Money

From now on when you see the word "Real" preceding money terms such as fares, expenses, or wages, means it is inflation-adjusted. This is important since in the 1970s inflation was so virulent that a dollar in 1970 was only worth 46 cents by 1980.

Bus industry service reduction was less than ridership reduction. Dittmar complained that "overservicing"—or running too much bus service during off-peak hours—was responsible for much of the financial difficulty that the poorly run companies were experiencing. Bus ridership between 1950 and 1961 declined by 36%, but the "vehicle miles operated" for buses was down by only 19%, thus decreasing service less than the decrease in ridership.[466]

462 Fact Book Archives, American Public Transportation Association.
463 *Transit Fact Book, 1962 Edition*, American Transit Association, p. 9, Table 9; for historical CPI data see "U.S. transit and automotive statistics.xlsx," cliffslater.com.
464 *Transit Fact Book*, 1962 Edition, p. 4, Table 1.
465 "U.S. transit financial data.xlsx," cliffslater.com.
466 *Transit Fact Book*, 1962 Edition, p. 6, Table 4, and p. 10, Table 11; and "U.S. transit and automotive statistics.xlsx," cliffslater.com.

Between 1950 and 1961, the total length of all transit bus routes increased by 14%. The data indicates that bus operators increased the total area coverage while decreasing bus frequency.[467]

One glimpse we have of the profitability of the private sector companies comes from the Brookings Institution's widely recognized transportation expert, Wilfred Owen.

In 1966, Owen published, *The Metropolitan Transportation Problem.* In it he produced a table of the financial results of the principal American transit companies, which accounted for 58% of the nation's Revenue Passengers [boardings].

His data was as of 1963 and it allows us to see that the private operators were solidly profitable. This was one more indicator that the private bus companies were not in the sorry state described by those urging the federal funding of transit.

In Table 5 below the data in bold type is from that in Owen's original table. The other data, names of the agencies, whether publicly or privately owned in 1963, and the year each became publicly owned, are all in the lighter type face. For a full explanation of the changes made to the original table, see this footnote.[468]

As for profitability, we know that the entire industry lost $3,980,000 in 1963, after paying $78.9 million in taxes,[469] most of which was transit related, such as the 10% excise tax on vehicles and parts, including tires.

As of 1963, Table 5 below shows that the publicly owned companies listed lost $40,918,000 and the private ones made a profit of $5,208,000, a net loss of $35,710,000. Since the entire industry in that year lost $3,980,000,[470] the approximately 1,100 companies remaining—which were mostly, if not all, the privately-owned bus.

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467 *Transit Fact Book, 1962 Edition*, American Transit Association, p. 6, Table 4, and p. 10, Table 11.

468 "Table 20.pdf." cliffslater.com

469 *Transit Fact Book, 1964 Edition*, p. 4, Tables 1 and 2. Note after "Net Revenue" should be added "before taxes."

470 *Transit Fact Book, 1964 Edition*, p. 4, Table 1.

companies—must have had an aggregate profit of $31,710,000 to offset the losses suffered by those listed in Table 5.

Table 5
Wilfred Owen's table of major transit lines in 1963

Table 20. Net Income of Major Transit Companies in the United States, 1963								
Index #	As of 1963 Public=PU Private=PR	Company	Population served	Revenue Passengers PUBLIC	Profit/Loss PUBLIC	Revenue Passengers PRIVATE	Profit/Loss PRIVATE	Year publicly-owned
675	PU	San Francisco	763	141,082	-$7,212			1912
699	PU	Detroit	2,026	112,501	$8			1922
731	PU	Seattle	563	38,299	-$268			1939
149	PU	MTA	7,782	1,820,040	-$20,880			1940
384	PU	Cleveland	1,750	NA	$2,816			1942
80	PU	Boston MBTA	1,304	NA	-$18,173			1947
4447	PU	Chicago MTA	4,130	492,232	$4,347			1952
787	PU	San Juan PR	650	66,393	-$299			1959
610	PU	San Antono	672	22,773	$277			1959
699A	PU	AC Transit	855	41,185	-$1,534			1960
583	PR	Dallas	775			31,604	$343	1964
547	PR	Kansas City	700			29,377	-$120	1966
78	PR	Providence	500			19,660	$41	1966
684	PR	San Diego	800			20,268	-$38	1967
162	PR	Rochester	469			26,746	$276	1969
730	PR	Portland	483			19,959	$3	1969
255	PR	SEPTA	2,700			270,291	$852	1970
202	PR	Baltimore TA	1,167			94,750	$599	1970
515	PR	Minneapolis MTC	1,500			62,292	$645	1970
313	PR	Co.	668			50,357	-$117	1972
379	PR	Cincinatti Transit	728			39,322	$422	1973
130	PR	TA	760			52,036	$261	1974
385	PR	Columbus NY	na			26,509	$201	1974
492	PR	Milwaukee	977			88,547	$516	1975
326	PR	Memphis TA	579			27,020	$64	1975
601	PR	New Orleans	632			86,657	na	1979
159	PR	Newark PSCT	5,478			243,889	$820	1980
118	PR	Lines	na			42,158	$440	1983
	Total			2,734,505	-$40,918	1,231,442	$5,208	

Source: Owen, Wilfred. *The Metropolitan Transportation Problem* . Brookings Institution. 1966.

Table 6 below shows the calculation.

Table 6
Recalculation of Owen's Table 20

Table 20 public companies	($40,918,000)	Loss
Table 20 private companies	$5,208,000	Profit
Remaining private companies	$31,730,000	Profit
Total Industry Loss	($3,980,000)	Loss

This needs to be repeated: The private companies made profits of at least $36,938,000 after taxes, and these taxes were mostly specific to transit. It rebuts the claims being made by proponents of federal subsidies that the entire industry was in dire condition.

Fleet modernization

Bus operators also were replacing their fleets with the newer, more fuel-efficient diesel buses. From 1950 to 1961, new replacement buses delivered to operators totaled 28,669, or 59% of the 49,000 fleet.

In 1950, 19% of transit buses were powered by diesel, versus 81% by gasoline. By 1961, the ratio was 63% diesel to 37% gasoline, which shows that operators were modernizing their fleets despite having to pay a 10% federal excise tax on new buses.[471] This data presents a far more positive view of the bus industry than that of the legislation's proponents. It matches more closely what the bus operators had testified to Congress: That while business was difficult, the better operators were thriving and taking over less efficient operators. Were the city and federal governments more realistic about raising fares and reducing taxes, business would have been even better.

The U.S. Chamber of Commerce agreed with the bus operators. In September 1962, Gerald W. Collins of the Chamber spoke at length to the U.S. Senate Committee on Commerce. What follows are excerpts; the full testimony may be found from the footnote:

> Local transit and commuter difficulties are critical only in a limited few major metropolitan areas and the problem,

471 "*Transit Fact Book, 1962 Edition,* p. 15, Table 19.

therefore, is not sufficiently broad or national to justify a federal subsidy program...Local and State governments can finance local transportation requirements...The record of the last 10 years in the sale of new municipal bonds to cover construction of public facilities reveals a very active and healthy market for the financing of needed projects...The proposed bill has serious deficiencies apart from its basic philosophy, which we oppose. There are serious technical discrepancies which raise doubts as to its acceptance...The program envisioned in this legislation will involve expenditure of huge sums. It gives an administrator great power to make major determinations on such vital things as project costs, the need for the project, adequacy of planning, and eligibility of applicants. And, it would provide very little in the way of guidelines on which the administrator is to base these decisions. There is no requirement for a determination of economic feasibility. For example, the administrator could afford assistance to a totally new transportation system, regardless of its economic feasibility. Likewise, there are no guidelines for the determination of priorities for the various projects.

Also, there is no provision for public hearings or any other method whereby a democratic process is available for interested parties who wish to be heard. There apparently is no appeal provided from decisions of the administrator...Thus, we would have a brand-new agency, with no previous experience or history in this field, experimenting with matters of grave concern to the cities and to the transit operators of the Nation. The probability of unwise decisions with serious consequences seems quite real...The long-range impact would be elimination of private enterprise in the local transit field...The large metropolitan areas, as a class, and the private carriers have not shown that they are unable to finance needed public facilities and services...The Federal Government is not in a position financially to assume this additional burden...Launching a federal subsidy program for transit and commuter service would produce many undesirable results, including—

Flouting the time-tested concept of Federal, State, and local government relationships.

A further weakening of the State and local governments responsibility and initiative, resulting in more dependence on federal funds and regulations. Accordingly, the national

> chamber believes there is no valid basis for the inauguration of a new federal grant program to deal with urban transportation problems of the kind proposed by the [Urban Mass Transportation bill] before this committee.[472]

This optimistic view of the future of the private bus industry would all come crashing down during the 1970s, as we discuss later.

Funding for private transit companies

On the claim that private transit companies could not obtain normal funding, many testified this was not true. U.S. Sen William Proxmire remarked on San Francisco being intent on self-funding the expensive Bay Area Rapid Transit heavy rail project:

> The fact is that San Francisco has already found that it can engage in one of the most ambitious and extensive transportation programs in the country, a program costing $792 million for this relatively middle-sized city, which will finance the entire cost itself. If San Francisco can do it, I cannot understand why other cities cannot do it.[473]

It was only later that San Francisco took advantage of the availability of federal funds.

Gregory Corso of the Cleveland Transit Board testified on the proposed Cleveland Rapid Transit System, which had approved self-funding for the project, before hearing that federal grants might be available and so they decided to wait until it could determine whether such a funding would be available.[474]

Rep. R. James Harvey of Michigan asked in the House debates:

> Why are we suddenly faced with this problem of subsidizing mass transit? Certainly, it is not because of the inability of private and municipally owned companies to raise capital for improvements.
>
> In the minority report written more than a year ago, it is pointed out that in October 1962, just a few months prior to the

472 "Statement of Gerald C. Collins, Manager of Transportation and Communications Department, Chamber of Commerce of the United States," before U.S. Senate Committee on Commerce Hearings, Sept. 19, 1962, pp. 98-100.

473 "Mr. Proxmire,"—Senate, Apr. 2, 1963, p. 5398.

474 "Statement of Gaspar A. Corso, Member, Cleveland Transit Board," before U.S. Senate Committee on Commerce, Sept. 18, 1962, pp. 25-37.

> hearings on this bill, the New York City Transit Authority sold $50 million of gross revenue bonds in the private market with maturities up to 25 years at roughly 3.15% rate of interest. Again, in August of 1963, almost a year later, the New York City Transit sold $38 million more, bearing interest of roughly 3.3%. The record of municipal financing makes it clear that the largest cities in the United States those complaining the most of mass transportation problems—are having no difficulty financing capital improvements in transportation or in any other endeavor that they undertake. Just look at the record.[475]

He followed this with a listing of successful transit financings across the country.

U.S. Sen. Allen Ellender testified about Delaware raising funds:

> The Delaware Port Authority is constructing a high-speed rapid-transit line between Philadelphia and Camden to cost about $55 million. Approximately $25 million will be met from the fare box, leaving a gap or net project cost of about $30 million, which the authority is prepared to provide from its own reserve funds…
>
> The local need is being met by the local people and this is the way it should be. I do not believe that the Delaware Port Authority would have acted to solve this problem on its own in using its own funds if federal money were available.[476]

New York's Empire State Chamber of Commerce testified:

> Our opposition to this measure is…that it proposes a broad program of federal subsidies in an area where the states and their municipalities have already demonstrated that they are capable of developing and providing effective remedies for their problems.[477]

"A beautiful example of waste"

Many were concerned about how much money would be wasted if the bill passed. Sen. Cotton testified:

> The bill is a beautiful example of waste. It specifically provides

475 "Rep. R. James Harvey discusses municipal financing," *Congressional Record—House*, June 24, 1963, pp. 14900-14901.

476 "U.S. Sen. Allen Ellender discusses federal indebtedness," *Congressional Record—Senate*, Apr. 2, 1963, p. 5428.

477 "New York State Chamber of Commerce on self-funding by New York state cities," Senate Commerce Hearings, Sept. 17, 1962, p. 138.

> subsidies only for transportation systems which are economically unsound and have no hope of being self-supporting…The only way for a city to get federal transportation aid under this bill is to make sure that its transit systems are bound to lose money…As the report points out, the growing decentralization of our major cities poses major problems for mass-transit enterprises… Proponents of this bill see in these facts a crisis in urban transportation and contend that they prove the need for federal subsidies. If we had followed this line of reasoning 50 years ago, we might still have federal subsidies for hitching posts and horse watering troughs.[478]

Sen. Lausche asked:

> In the light of this continuous yearly decline, is it wise to enact a permanent subsidy program to try to halt declining transit patronage if the trend is going to persist year after year? Is this a realistic approach? There are many that would answer in the negative. I share that view.[479]

U.S. Sen. Allen J. Ellender of Louisiana ridiculed the notion that any federal assistance in this situation would be of significant help. "Naturally it would be of help," he said ironically, "Anywhere we make cheap money available with a minimum of justification, we can be of significant help."[480]

U.S. Sen. Hiram L. Fong of Hawaii warned: "Once the program is started, very few city administrations with a real or imagined transit problem will be able to resist the appeal of a free handout from Washington, no matter how able they might be to solve the problem on their own.[481]

"A bit of socialism"

The major concern voiced by the private operators and some legislators was that the inevitable result of the federal government

478 "U.S. Sen. Norris Cotton comments on waste," *Congressional Record—Senate*, Apr. 2, 1963, p. 5401
479 "Mr. Lausche," *Congressional Record—Senate*, May 27, 1964, p. 12134.
480 "Mr. Ellender," *Congressional Record—Senate*, Apr. 2, 1963, p. 5429.
481 "Mr. Fong," *Congressional Record—Senate*, Apr. 4, 1963, p. 5686.

dealing only with local government agencies, rather than directly with private transit operators, would be the complete elimination of private transit operations in favor of government systems.

The Urban Mass Transportation Act of 1964 was replete with assurances about treating private and public entities equally. It was enacted to assist "in financing the acquisition, construction, reconstruction, and improvement of facilities and equipment for use …in mass transportation in urban areas…Such program shall encourage to the maximum extent feasible the participation of private enterprise."[482]

However, the sections of the act about private enterprise shown below tell a different story:

> Sec 2.(a)(2) that the welfare and vitality of urban areas, the satisfactory movement of people and goods within such areas, and the effectiveness of housing, urban renewal, highway, and other federally aided programs are being jeopardized by the deterioration or inadequate provision of urban transportation facilities and services, the intensification of traffic congestion, and *the lack of coordinated transportation and other development planning on a comprehensive and continuing basis; and (3) that federal financial assistance for the development of efficient and coordinated mass transportation systems is essential to the solution of these urban problems.* (Emphasis added).[483]

Note what we have italicized above. Then note that in the subsequent Section 3 (a) below that a private company cannot receive a grant or loan from the federal government—only a public entity:

> Sec. 3 (a) 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) has or will…" etc.

Note further in Sec. 3(b) below that public bodies cannot use federal money for acquisition of private transit companies unless they do what the act is telling them in Sec. 2 (a)(2) above is essential.

> Sec. 3 (b) No grant or loan shall be made under this section to

482 *Urban Mass Transportation Act of 1964,* recodified as 49 USC 53.

483 *Urban Mass Transportation Act of 1964,* Public Law 88-364, July 9, 1964, pp. 303-304.

> any state or local public body or agency thereof for the purpose of acquiring the facilities or other property of a private transit enterprise operating buses or similar motor vehicles, or providing by contract or otherwise for the operation of buses in competition with an existing transit company, unless the applicant has certified to the Administrator that a grant or loan for such purposes is essential to the program, proposed or under active preparation, *for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area*. (Emphasis added)

If a city certifies that cash (a grant) is essential for acquiring (buying or condemning) a private company as part of an official plan, then it is approved.

Aside from the dishonesty of it, the last thing needed was "coordinated transportation and other development planning on a comprehensive and continuing basis." In the dynamically changing situation that transit was then experiencing, by the time the bureaucrats produced a plan, it would already be obsolete. It needed entrepreneurial action with day-to-day adjustments of fares, routes, and vehicles.

Ironically, as already noted, the act also says:

> Sec. 4. (a) Such a program shall encourage to the maximum extent feasible the participation of private enterprise.

The private sector operators knew precisely what the proponents of this legislation were up to—and said so.

O. Roy Chalk, president of D.C. Transit Inc., a large private operator in Washington, D.C., testified:

> In its present form, the proposed legislation will destroy private initiative and will inevitably result in public ownership for all transit equipment and facilities in all areas where urban redevelopment programs result in the construction or acquisition of new equipment or facilities.
>
> This will be so because [the act] in its present form requires that all such new equipment and facilities purchased with funds loaned by the federal government will have to be publicly owned.
>
> A cursory examination of [the act], and I quote from page 3—
>
> "No grant or loan shall be provided under this section unless

> the Administrator determines that the applicant has or will have…(B) satisfactory continuing control, through operation or lease or otherwise, over the use of the facilities and equipment"—clearly indicates that it requires no great amount of imagination to visualize the utter confusion which would result in a system such as D.C. Transit if these provisions of the Act were applied.
>
> We might well have the situation in which our company, owning a large number of buses, is required through force of circumstances to lease from the District government or its agency an additional number of buses to round out its operations.
>
> The provision just quoted would prevent the District government or its agency from leasing the necessary equipment to D.C. Transit unless it could satisfy the Administrator that it, the District, would have satisfactory continuing control over the use of the facilities leased to D.C. Transit.
>
> Under such conflicting ownership and control between private enterprise and public ownership, it would be utterly impossible to conduct a satisfactory operation.
>
> Public ownership of the transit industry of our large urban centers would be the first step toward public ownership throughout the transportation industry.[484]

Manuel Davis testified on behalf of the D.C. Transit System Inc., the Alexandria, Barcroft & Washington Transit Co., and the Washington, Virginia & Maryland Coach Co.:

> In my view, the most dangerous feature of this legislation is that it will put the government into a large-scale program of subsidizing transportation. It will set a precedent that can easily be extended: It will extend from the cities to the suburbs and grow until it reaches all across the country. With the government subsidy will come government control, and with government control will come government ownership.[485]

Rep. Harvey testified:

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484 Statement of Mr. O. Roy Chalk, President, D.C. Transit System, Inc.," before Subcommittee No. 3 of the U.S. House Committee on Banking and Currency, May 10, 1962, p. 674.

485 "Statement of Manuel Davis on behalf of several transit operators," before U.S. Senate Committee on Commerce, Sept. 20, 1962, pp. 142-143.

> Mr. Chairman, as far as I can see the only similarity between this amendment and the free enterprise system is the catchy slogan which has been used by the gentleman from Alabama [Mr. Rains] and which he has attached to this amendment.
> Mr. Chairman, I believe the most you could say for it is that it pays lip service to free enterprise in this country. Mr. Chairman, I would like to quote for one minute the testimony of Mr. Bernard E. Calkins who operates the Rapid Transit System in Houston, Tex., and Wichita, Kans., when he was asked a question in hearings on this program. Here is the question:
> "Now, if the private companies will be required to apply for grants through governmental agencies, do you see a danger that that may be a lever to drive private enterprise out of existence and convert these mass-transit systems into governmentally operated systems?"
> Mr. Calkins answered:
> "Yes; I do. In fact, I stated in my testimony that I thought it would hasten the day when private enterprise would go out of business through the pressure of the city-owned advocates…If I have to go through the cities, the city body, to either get a loan or a grant, if that should be the case, I can foresee that there will be a clamor on the part of the local administration to say, 'We are not going to get this money so you can make money. If we are going to get this money, we are going to go into the business ourselves.' I think that is an inevitable conclusion."[486]

Sen. Lausche commented:

> …the bill of the administration and the senator from New Jersey provides that no one can get this money for nothing except governmentally operated plants. Private enterprise can get it if it goes through the governmental plant and applies to the federal government. The point I wish to make is that the pending bill is the machinery to drive private transit systems out of existence. They will only be able to get help if they come through a public body. The public body will have the private systems by the throat…that broadness of my bill, I respectfully submit, is intended to stop the Fabianists from pushing the private enterprise system of mass transportation into public, nationalized operations.[487]

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486 "Mr. Harvey," *Congressional Record—House,* June 25, 1964, p. 14971.
487 "Mr. Lausche," *Congressional Record—Senate,* Apr. 1, 1963, p. 5320.

The Minority Report of the House Banking and Currency Committee expressed this opinion:

> Witnesses…were disturbed that the bill…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…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)'…Think of it: That is to be the procedure in a business where 94% of the transit systems are privately owned and privately operated…We would guess that most of our citizens would come to the conclusion that this procedure is a bit of socialism."[488]

The U.S. Chamber of Commerce testified:

> The long-range impact would be elimination of private enterprise in the local transit field. Although there is language written into the bill to place the federal government in a neutral position with respect to whether services should be provided by private or public agencies, we can see little reason to anticipate that privately-owned systems could continue or prosper under the provisions of the bill.
>
> The principal reason for this conclusion is that the local public agency which would administer the funds will have the power of life and death over the private operator. With this power, it is almost inevitable that political decisions will be forced upon the private agencies' management.[489]

It is extraordinary that none of the many amendments to make the legislation supportive of private business made it out of committee. It was clear there was a movement in Congress to socialize the private transit companies.

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488 "Minority Report in Committee Report #1961," accompanying H.R. 11158, reported in *Congressional Digest* 42:1-32, January 1963, pp. 15 and 17.

489 "Statement of Gerald W. Collins, Manager of Transportation and Communications Department, Chamber of Commerce of the United States," before U.S. Senate Committee on Commerce, Sept. 20, 1962, p. 99.

Little data to support the legislation

A major concern of those who opposed the Urban Mass Transportation Act of 1964 was that the proponents of the act had absolutely no data or reports to support their positions. The questioning of Robert Weaver, administrator of the Federal Housing and Home Finance Agency, was telling. According to congressional transcripts from Sept. 18, 1962,[490] Sen. Lausche asked:

> Senator Lausche: In your department, have you engaged any research firms to make studies of how the coordination shall be done and how the problem shall be solved, and has such research been completed by now?
> Mr. Weaver: No, sir. And I think there are two reasons for that.
> Senator Lausche: So, you have no finalized research report dealing with the problem and the cure.
> Mr. Weaver: Well, I don't think there is a problem and a cure in that sense. [Goes into detail that they are solely relying on local decision-making.]
> Senator Lausche: What you have then is, as the basis of your present judgment, is the reports and studies that have been made by the local communities.
> Mr. Weaver: Essentially.

U.S. Sen. Strom Thurmond of South Carolina stated in 1963:

> Very little research has been conducted in the area of urban mass transportation. The testimony before the Surface Transportation Subcommittee reveals a startling lack of knowledge in the field. Coupled with this is a sparsity of information as to the practical aspects of this plan. It would be foolish for Congress to authorize this vast expenditure of funds for programs which have never been investigated, and whose effectiveness has not been demonstrated and cannot be assured.[491]

A year later, Sen. Lausche testified:

> Last year I made the point that we do not know enough about the characteristics of mass transportation and the problem of

490 "Mr. Lausche," Hearings Before the Committee on Commerce, United States Senate, Sept. 19, 1962, p. 79.
491 "Mr. Thurmond," *Congressional Record—Senate,* Apr. 4, 1963, p. 5686.

> congestion to initiate a new federal subsidy program to local transit…Listen to what a national transportation specialist, Wilfred Owen, of Brookings Institution, said not too long ago on this matter. He stated:
>
> "I was recently looking at the transportation system of Tokyo. And for those who get the idea that transit is going to solve the problem of urban congestion, let me reassure you that Tokyo is more and more congested. It has many subways, and its commuter trains run three abreast, and it has a tremendous amount of bus and streetcar coverage on the surface. It is building a monorail; it is building an expressway system around the city, and down to the south it is building a high-speed railway line."

He underscores the problem, as it concerns us. He says:

> As long as Tokyo is going to have 10, 15, 20 million people concentrated in that Tokyo-Yokohama area, there is going to be congestion, no matter how good a rapid-transit system is developed…In short, for Tokyo we can substitute the names of our largest American centers of population concentration, and much the same answer will apply. The simple lesson is this: The amounts of authorizations and ensuing appropriations that [the act] would provide, if enacted, would not and could not overcome the mass-transit challenge in the nation's large cities. And it is deceptive to assure our fellow Americans that this bill, or any similar federal bill on this issue, can bring effective results by any foreseeable expenditure of federal taxpayers' dollars.[492]

John H. Frederick, head of the University of Maryland's Department of Business Organization and transportation committee member of the U.S. Chamber of Commerce, testified that the proposed financing methodology removes from the voters the cost-versus-benefits consideration. He said:

> For example, all who have had experience in local government or business are familiar with the practices that are often followed when a city needs a public facility such as an airport, an auditorium, schools or other type of major improvement.
>
> The proposal is presented to the voters who are asked to indicate whether they favor or oppose the project, and the cost

492 "Mr. Lausche," *Congressional Record—Senate*, May 27, 1964, p. 12132.

> is indicated.
> This procedure requires the taxpayer to approve or reject the project based on whether he views the proposal as worth the added taxes involved. The voters are forced to make a choice between two things: the importance of the project versus the cost. Under the proposal in [the bill], such a decision by the voters would be influenced because of the offer of federal funds. The important test of need versus cost will be missing to the extent that federal funds are involved.[493]

U.S. Rep. Oliver Bolton of Ohio wanted to have the bill recommitted to wait for the pending studies:

> Let me say first that the motion to recommit is directed to the engineering studies which are now being conducted in the field of urban transportation and will suggest that the bill be referred back to the Committee on Banking and Currency until these engineering studies are in and can be thoroughly digested…Regardless of the fact that the bill before us for political reasons applies to every community of 2,500 population or more, we all know that mass transit is a problem affecting primarily larger cities. In this regard, Section 9 of the Federal-Aid Highway Act of 1962 set in motion the largest, most detailed, most expensive federal study of a single problem in our nation's history…Before the Congress embarked upon the $40 billion Federal-Aid Highway Act, no less than 20 years were spent in processing extensive engineering plans. There is no doubt in my mind that this long-range planning process prior to 1956 was the chief reason for the tremendous success of our highway program.[494]

Rep. Bolton's efforts came to naught.

Professor Moses believed that no sensible urban transportation policy could be established without a clear understanding of the costs and methodologies required to divert a significant number of

493 "Statement of Dr. John H. Frederick, Head of the Department of Business Organization, University of Maryland, and Member of the Transportation Committee, U.S. Chamber of Commerce," Hearings Before Subcommittee No. 3 of the Committee on Banking and Currency, House of Representatives, May 9, 1962, p. 583.

494 "Mr. Bolton," *Congressional Record—House*, June 25, 1964, p. 14973.

automobile commuters back to transit. That drew the following response from U.S. Sen. Harrison Williams of New Jersey:

> For the sad thing is that the question this witness [Moses] thought was in urgent need of answering is completely irrelevant to the problem at hand.[495]

The really "sad thing" was that the question was not only relevant, but imperative to understanding the urban transportation problem. The country needed to understand how strongly Americans were wedded to their cars and how these new rail systems might affect that. Before all these billions of dollars were spent, they also needed to know whether the country should fight to preserve city centers from the current land-use trend of dispersion or recognize that dispersion was to be the new city form—and plan accordingly.

For a detailed behind the scenes view of congressional action leading to the passage of the 1964 act, the Eno Center for Transportation produced a most interesting article discussing the interplay among the legislators that resulted in the law being passed despite it being earlier considered dead.[496] Congress narrowly passed the 1964 Act, but the 1970 Urban Mass Transportation Act was approved overwhelmingly.[497] The 1964 law passed 212-189 in the House and 52-41 in the Senate; the 1970 measure 327-16 in the House and 83-4 in the Senate. Once the 1964 act was signed by President Johnson the opposition wafted away. On July 9, 1964, President Johnson formally signed the Urban Mass Transportation Act of 1964. He was surrounded by the legislators and lobbyists who had fought for its passage. Of the 126 people assembled for the signing ceremony, there was one private bus operator represented—the Nashville Transit Co., taken over by the City of Nashville nine years later—

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495 "Mr. Williams," Hearings Before the United States Committee on Commerce, Sept. 17, 1962, p. 135.

496 Davis, Jeff, "What's the Purpose of Mass Transit?—Part 2," Eno Center for Transportation, July 6, 2018. For further political background, see Part I and Part 3.

497 Smerk, *Urban Mass Transportation,* pp. 54, 56 and 78.

using the new federal funding.[498] The act authorized $375 million in capital assistance to be provided over three years, along with $50 million to extend the authorized loan program.

The flaws in the legislation

Before passing the Urban Mass Transportation Act of 1964, legislators should have waited for the further research to see if they could justify the assertions made by its proponents.

To approve a potential multi-billion-dollar program without the research to show that the proposed subsidies were warranted was irresponsible, especially since the opponents had successfully countered every point the proponents had made.

The decline of the central business districts as shopping, manufacturing and entertainment centers was ongoing; they were being reborn as office centers. Returning the central business districts to their former status was not feasible, as Meyer, Kain and Wohl's *Technology and Urban Transportation* had shown.

Professor Hilton agreed with them saying that: "

> ...almost all of the forces at work on cities are forces for diffusion. The automobile is the principal one. It has brought about diffusion in the urban pattern by providing greater lateral mobility than the electric railway transportation, on which society was almost completely dependent previously—about 90 percent of urban trips were made by streetcar—could have done. But almost every other force was in the same direction. The computer reduced the demands for central office employment of clerical labor. The factory technology moved to land extensive, single-story, assembly line operations so that new factories were almost in- variably in suburban locations. The truck and containerization, or piggybacking of railroad freight, gave freedom from rails in industrial location. Airports replaced railroad stations. Television replaced theaters and cinemas.[499]

498 "Daily Diary," President Lyndon Johnson, The White House, Sept. 8, 1966.
499 "Statement of George W. Hilton, professor of economics, University of

America's grade-separated subway and elevated heavy rail lines were all publicly owned. New York City aside, ridership was similar to pre-World War II levels, and if the systems were maintained properly, they should not be in trouble.

As we have seen, New York City had let its heavy rail run down, causing a decline in ridership. It begs the question: Why did one of the nation's wealthiest cities allow its transit system to get in such poor shape? And why should it have been asking the rest of the country to bail it out?

The bus industry in 1962, which carried two-thirds of all transit, faced difficulties, but the vast majority of bus operators were sufficiently profitable to overcome all the losses of the publicly owned transit systems and be profitable overall when all systems, public and private, were consolidated. Had fares kept pace with wages and transit-specific taxes been repealed, there would have been far fewer distressed companies.

President Kennedy said in his 1962 Transportation Message:

> The management of the various modes of transportation is subjected to excessive, cumbersome and time-consuming regulatory supervision that shackles and distorts managerial initiative. Some parts of the transportation industry are restrained unnecessarily; others are promoted or taxed unevenly and inconsistently.[500]

It was always difficult for private bus companies to obtain fare increases, change the designated routes, decrease bus frequencies, and obtain other regulatory permissions needed to operate efficiently. During the 1960s and 1970s, a time of rapid change, the private bus industry needed the flexibility to make these adjustments quickly, but generally could not.

California, Los Angeles," Senate Subcommittee on Antitrust and Monopoly of the Committee of the Judiciary of the United States Senate, on S. 1167, Part 4: Ground Transportation Industries, Apr. 4, 1974, p. 2208.

500 Kennedy, John F., "Efficient Transportation System: Message from the President of the United States," *Congressional Record—House*, Apr. 5, 1962, p. 5985.

Where the local authorities worked with their local bus companies to understand their problems, provide timely fare increases and allow route changes, the companies were healthy. Where the authorities did the opposite, it drove them to the wall.

Taxes weighed heavily on transit operators. In 1962, the last year the industry as a whole was profitable, fare income of $1.4 billion minus operating expenses left $97 million, out of which they had to pay transit-specific taxes of $77 million, leaving a paltry $20 million.[501] ATA's *1964 Transit Fact Book* showed the aggregate burden of taxes for the industry the previous year was over 6% of revenues.

The largest element of the taxes was the federal excise tax of 10% on buses, tires, spares, and related equipment. At the time of the hearings, no effort was made to eliminate this tax. This tax would remain in place until 1971, even though President Kennedy had called for it to be abolished nine years earlier.

Had there been a thorough disaggregation of the industry data to objectively assess the causes of individual transit problems, these conclusions would have been obvious. However, stopping the legislation would have required the city-center coalition to give up its quest for federal aid, and those intent on socializing transit to also give up their aims.

According to a 1986 Urban Mass Transportation Administration (UMTA) report, "the section of the act with the greatest potential to prevent private participation in the industry is 13(c). That section states:

> It shall be a condition of any assistance…that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. Such protective arrangements shall be necessary for (1) the preservation of rights, privileges and benefits (including continuation of pension rights and benefits) under existing collective bargaining agreements; (2) the continuation of collective bargaining rights; (3) the protection of individual

501 *Transit Fact Book, 1964 Edition*, p. 4, Table 1.

> employees against a worsening of their positions with respect to their employment; (4) assurances of employment to employees of acquired mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs.[502]

In addition, the law required the unions to sign off and:

> Since UMTA cannot issue a grant until the Secretary of Labor approves, and since the Secretary of Labor will not approve until the appropriate union has made a 13(c) sign off, transit management is under pressure to accede to union demands in order to receive federal assistance in a timely fashion…Thus, when the DOL [Department of Labor] submits the employee protective arrangements to the appropriate union for approval, the union can delay agreement in an effort to secure more favorable arrangement. This has resulted in agreements between labor and management exceeding the original intent of the legislation.[503]

This provided one more obstacle to the private bus companies remaining private.

Alternatives not considered

In the entire process there was no consideration of anything but a complete government takeover; no thought of where savings might be found. For example, not considered was the option of encouraging jitneys to operate during rush hours to reduce the excessive costs of providing rush-hour service.

The problem was that nobody was focused on reducing costs. In all the Congressional discussions no thought was given to the effect of replacing private ownership with public ownership. The guiding metric was, and is, ridership, at any cost. It is why we now have the lowest farebox recovery rate in the world for urban transportation.[504]

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502 Thompson, Theodore A., *Barriers to Private Sector Participation in Public Transportation*, Urban Mass Transportation Administration, U.S. Department of Transportation, September 1986, pp. 26-27.

503 Thompson, *Barriers to Private Sector Participation*, p. 27.

504 "Farebox Recovery Ratio," Wikipedia.

Urban Mass Transportation Assistance Act of 1970

In 1965, after the 1964 Urban Mass Transportation Act passed, but before the 1970 act was considered, Meyer, Kain and Wohl published what many transportation scholars consider the bible for the study of urban transportation systems, *The Urban Transportation Problem,* the focus of which was the movement of passengers in and out of cities during the rush hours. Among their conclusions:

> >> In fact, even now, with both public and private transportation taken into account, it is not at all clear that the quality of urban transportation has been declining in most major cities. On the contrary, it seems to have improved in the last five years.[505]
>
> >> Most American cities with enough population density to support a rail transit operation, or even with prospects of having enough, usually possess rail transit already.
>
> >> A private automobile system even with a car occupancy of 1.6 persons will usually be cheaper than either bus or rail transit when specific channel or corridor demands fall much below 10,000 persons per hour—a level well within the range of…many American cities.[506]
>
> >> At present, only a handful of American metropolitan areas seem to have enough rush-hour [central business district] CBD cordon crossings[507] or sufficiently optimistic prospects for the future to justify even serious consideration of elaborate grade-separated transit-system investments, whether bus or rail.
>
> >> For American cities of moderate size, efficient urban transportation seems most readily obtainable by using private automobiles, complemented by various amounts and types of bus transit using common rights-of-way.[508]
>
> >> It is difficult, in fact, to build many strong justifications for subsidizing urban transit on economic grounds alone…Many times, it seems, currently proposed urban transit subsidies, when subjected to careful economic evaluation, appear to be internally inconsistent, ill-conceived, and often in conflict with

505 Meyer, Kain and Wohl, *The Urban Transportation Problem*, p. 360.
506 Meyer, Kain and Wohl, *The Urban Transportation Problem*, p. 364.
507 One has to imagine a cordon encircling the central business district. Counts of the traffic crossings of the cordon are a valuable metric used in urban planning.
508 Meyer, Kain and Wohl, *The Urban Transportation Problem*, p. 366.

other goals of government policies in urban areas.[509]

While establishing the principle of government capital funding for transit was an achievement, its proponents believed they were still deserving of far more money. Between passage of the Housing Act of 1961 and the last quarter of 1966, the federal government had spent $375 million on mass transit and $24 billion on airways, waterways, and highways—mostly highways.

During 1966, spending proponents tried to increase capital outlays to $225 million annually, and, more importantly, to authorize it "for each fiscal year thereafter." This would make the mass-transit program a permanently funded program of the federal government.

This effort was unsuccessful, but Congress authorized continued capital funding for a further three-year period at $150 million annually and demonstration grants increased to $50 million annually. It rejected using federal funds to pay for capital project interest charges and Sen. William's efforts to provide funding for operating costs.

The momentum eases

The last significant transportation event of the Johnson Administration, which ended in January 1969, was the bringing together in 1967 and 1968 all the federal government's transportation activities under one umbrella.

It comprised the new Department of Transportation, a cabinet-level agency. It included the Urban Mass Transportation Administration, the responsibilities of which had formerly rested with the Department of Housing and Urban Development.

The debate over what would become of the Urban Mass Transportation Assistance Act of 1970 began in 1969. But the thrust this time was not whether to fund transit but how it should be funded.

Transit advocates reminded the highway interests that the Highway Trust Fund was coming up for reevaluation by Congress in

509 Meyer, Kain and Wohl, *The Urban Transportation Problem*, p. 367.

1972. They hinted that the fund would not be a target if the highway interests helped with funding transit.

The highway people went along. Fred Burke, leader of the coalition and U.S. Sen. Philip Hart of Michigan's right-hand man, organized the mayors to lobby Congress, and this proved to be the turning point.

In January 1969, the new Nixon administration took office and proposed a $10 billion mass transportation program over a 12-year period. President Richard Nixon's "Special Message to the Congress on Public Transportation" in 1969 included this:

> The program would authorize assistance to private as well as public-transit systems so that private enterprise can continue to provide public services in urban transportation.[510]

The "PRO & CON" section of *Congressional Digest*,[511] showing both sides of the 1969 proceedings, was surprising because it was difficult to tell one side from the other. The only argument appeared to be whether urban transportation should be funded by a trust fund as the new freeways had been.

Opposition was almost nonexistent. Sen. Lausche, the primary opponent of the 1964 act, had been defeated by labor interests in the previous year's election. Sen. Cotton, the second most important senator opposing the 1964 act, was not to be found on this administration bill.

It passed in the Senate by 84-4 and in the House by 327-16, and on October 15, 1970, President Nixon signed it into law. A year earlier, passage of such funding appeared highly unlikely; it was only President Nixon's strong and surprising intervention that made it possible.[512] For the first time, the federal government was making a long-term commitment of federal capital funds for mass

510 Richard Nixon, "Special Message to the Congress on Transportation," The American Presidency Project, University of California at Santa Barbara, Aug. 7, 1969.
511 "Congress and Urban Transportation," *Congressional Digest*, December 1969.
512 Smerk, *Urban Mass Transportation*, p. 79.

transportation. It authorized a federal expenditure of $10 billion over 12 years.

The vote was not surprising; the political equation was all on the public-funding side. As Professor Smerk of Indiana University, explained at the time:

> A congressman could claim to a part of his constituents that by backing the mass transportation programs, he was going to be taking important steps to relieve highway congestion so that his constituents with automobiles could drive more easily. On the other hand, he could also claim to low-income and minority groups in his district that improvements in mass transportation would be highly beneficial to them by providing the mobility necessary reach jobs, places of medical care, and so on…In a very real sense…backing transit could be construed as being all things to all people.[513]

Even before the 1970 act was signed, the outcome was obvious, and the Amalgamated Transit Union announced its plan of attack. In March 1970, ATU President John M. Elliott appeared before the U.S. Congress to urge that all city transit systems become publicly owned and operate on a fare-free basis, supported by general tax funds. The ATU announced it would favor public ownership, provided employee rights were protected, and would oppose any further fare increases pending establishment of a fare-free system.[514]

This announcement was publicized across the country, and since 82% of the transit companies' employees were members of ATU, it had its desired effect. Because ATU had organized the employees of over four-fifths of all the transit companies, it did not have to coordinate its efforts with the remaining unions, though they might have done so.

Real (inflation-adjusted) average fares, which had risen steadily since 1948, slowed in 1971 then declined 40.2% over the next 10 years.

513 Smerk, *Urban Mass Transportation*, p. 78.
514 *A History of the Amalgamated Transit Union*, 1992, pp. 96-97.

In the same period, real transit union wages rose 29.2%.[515] It was the final straw for the remaining private transit companies. By 1983, they were all acquired by local governments or were providing contracted service.

Putting a clamp on fares in 1970 while bargaining hard for wage gains during this highly inflationary time was a sure way to drive the remaining private companies to either become wholly owned by each city involved or become the contractor of bus services for the city. In some districts, such as Memphis, Tennessee, where state law forbade prohibited collective bargaining in public employment, contracting with the city became the only way city transit service could operate, provided the contractor agreed to be unionized.

Transit officials did not see it coming

In 1946, transit officials stood at the brink of disaster, but did not know it. What was about to happen was the continuation of the 1920s scenario of automobiles taking riders from transit, but this time with an even greater impact. At the 1946 National Conference on Planning in New York, the transit industry spokesman predicted that transit ridership would remain high. He rejected there might be upwards of 50 million automobiles on the road within the next 20 years and added that it would be years before automobile registrations reached even pre-World War II levels.[516]

The following year's auto registrations exceeded those of the pre-World War II levels by over a million, and 20 years later auto registrations exceeded 75 million, causing transit boardings to drop to less than one-third of their 1946 levels.

The new suburbs had far more dispersed populations than those of the central cities. Transit operators had difficulty providing these populations with transit at a reasonable cost, especially for those

515 Expressed in real dollars per boarding; see "U.S. transit financial data.xlsx," cliffslater.com.

516 Pollard, "Expediting Traffic by Transit," pp. 33 and 37.

wishing to commute from suburban homes to suburban factories and offices.

Those used to city living with frequent inner-city buses had to deal with hourly service—if any was available. Even if it were, it would typically take far longer to get somewhere by any form of transit than by automobile, so the new suburban dwellers were far less likely to use transit than their city-dwelling counterparts.

By 1947, even Manhattan had replaced all its former streetcar lines[517] with motor buses. In 1958, the San Francisco-to-Oakland Key System traded out its streetcars for buses. By the late 1950s, streetcars and electric trolleys had been largely replaced by motor buses, except along routes that operated streetcars in downtown tunnels where motor bus exhausts were unacceptable to the public, or where they were maintained for tourism reasons, such as the New Orleans streetcars and San Francisco's cable cars.

Buses had become cheaper to operate because they were also increasingly faster and more maneuverable. Because the labor of vehicle operators was the biggest cost item in transit expense, vehicle speed was critical. If one vehicle was 50% faster on average than another, it meant that, all other things being equal, the cost per passenger of the faster operator's labor was one-third less than that of the slower one.

As Brian Cudahy, transportation historian and former U.S. Federal Transit Administration (FTA) official, wrote, "there was wide agreement in the late 1940s that a new diesel bus was considerably cheaper to operate and maintain than a streetcar, old or new."[518]

Every so often, wishful-thinking transit officials would declare the ridership slide over, and that things would now be better. In 1951, Cudahy said, they thought that "due to downtown traffic congestion and lack of auto parking, the customers are tending back toward the

517 "Buses Banish Street Cars in Manhattan," *The American City,* July 1947, p. 155.
518 Cudahy, Brian J., *Cash, Tokens and Transfers,* Fordham University Press, 1982, p. 190.

use of the public carrier or are transferring their patronage to less congested suburban business districts where there is better street circulation and good parking."[519]

But by 1952, the financial crisis for transit had deepened,[520] and in 1955, *Time* magazine would say:

> Among U.S. industries, none has a darker future than municipal transit…What is bankrupting transit is to a great extent, U.S. prosperity. The rising standard of living means less need for the cheapest form of transportation. The five-day work week has cut Saturday transit traffic by 40% in most cities, and television keeps many riders home at night.[521]

Municipalities tried various innovations to boost ridership for transit, notably park-and-ride lots. However, these were only marginally successful. Similarly, while some transit companies in the 1950s initiated express bus service from suburbs to downtown, it did not affect the overall ridership decline.[522]

In 1957, *Fortune* magazine tested 25 large cities during rush hour to compare the speeds of transit facilities and automobiles. In virtually all cases, the auto covered more distance in a half hour of travel than did the transit vehicle. An exception was in the New York City region. Overall, the autos averaged 20 mph and the transit vehicles 13 mph.[523] This analysis did not even consider the walk, wait, and transfer times that invariably work to the detriment of transit.

In 1959, transit companies again believed the decline in patronage was over, and that population growth and auto congestion in cities would send them more passengers."[524] But they were not getting the

519 Eberle, George J., "Retail Merchant's Interest in the Traffic Problem," *Traffic Quarterly*, Vol. 5, No. 1, April 1951, p. 119.
520 "Privately Owned Transit Sees a Bleak Road Ahead," *Business Week,* March 1, 1952, p. 86.
521 "Metropolitan Transit: Horsecar Management in Expressway Age," *Time*, Apr. 8, 1955, p.96.
522 Anderson, G.W., "Urban Mass Transportation," *Traffic Quarterly,* April 1956, pp. 190-193.
523 Bello, "The City and the Car," 1993, p. 59.
524 "A Halt to the Long Slide," *Business Week,* Oct. 3, 1959, pp. 99-100.

fundamental message that people valued their time and autos were generally faster than transit.

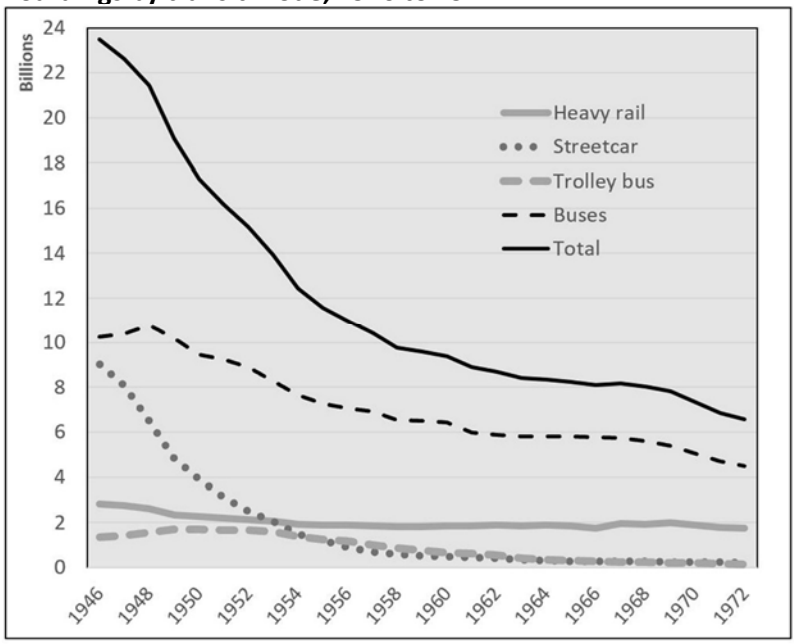
Los Angeles Red Cars, 1956.
Los Angeles Times.

When all the money costs and time costs were figured in and compared, the automobile generally won. Commuters, mostly intuitively, weighed the costs and found they were better off in their own cars on a congested freeway than commuting on a congested bus.

Streetcar ridership dropped below pre-World War II levels by 1949, and continued downward to virtual oblivion by 1960, along with the electric trolleys. By 1962, urban transit was mostly motor buses and heavy rail; the streetcars and the electric trolleys were virtually all gone. The industry was still profitable, though barely. Had it been forgiven the payment of federal and local taxes; it would have had healthier operations.[525]

525 *Transit Fact Book, 1964 Edition*, American Transit Association, p. 4, Table 1.

Figure 12
Boardings by transit mode, 1946 to 1972[526]



For bus operators, the reduced ridership was offset by riders transferring from the defunct streetcars. The result was that while bus ridership declined by 56% from its wartime high, it never declined below its 1940 level.[527]

Between 1960 and 1980, overall transit, without including commuter rail, declined by 11.8% and peak hour transit commuters by 20.9%.[528] The automobile was now the preferred vehicle for accessing suburban shopping centers. Fewer boardings in the off-peak hours resulted in even higher peaks in service than had been the case before. All the buses were needed for the morning and afternoon commuter rush hours, then sat idle between. Many drivers were paid for a full day but were used only during the rush hours.

526 "U.S. transit and automotive statistics.xlsx," cliffslater.com.
527 "U.S. transit and automotive statistics.xlsx," cliffslater.com.
528 "U.S. transit and automotive statistics.xlsx," cliffslater.com, compare percentage decennial commuting decline with overall boarding decline.

The peaking problem had been an issue since the early streetcar days. It was always difficult to juggle the hours of drivers to keep them cost-effective when they were not all needed during the off-peak hours.

The post-World War II suburban growth years exacerbated the problem and meant that costs per rider were considerably higher than before. However, many municipalities were not granting transit operators fare increases such that they could generate an acceptable profit.

Transit ridership during the 20th century hit an all-time low in 1972 as can be seen in Figure 12 above. The last time it had been that low, the urban population had been one-third the size. The streetcars and electric trolleys had almost died out, leaving the heavy rail and bus systems carrying nearly all the remaining urban transportation traffic.

The transit modes experienced different changes in ridership levels after the war, as seen in Figure 12 above. During the war, transit operators experienced heady times, with total transit rides increasing by 75% over 1940 by 1946. From 1946 to 1972, the streetcars lost 98% of their boardings, and electric trolleys lost 90%, with most of the streetcar and electric trolley losses being from operators switching to buses. Even so, buses lost 56%, and heavy rail 36%.[529] Transit ridership overall declined by 72% in the 26-year period.

Labor costs had also changed dramatically over the years, especially in their relationship to fares. Expenses and fares were in lockstep until the 1960s, when they drifted apart as company fare requests were denied by local governments and union wage demands were granted as seen in Figure 13 below.

Up to 1962, transit industry revenues, publicly and privately owned combined, had been marginally higher than expenses; half the industry had been losing money, or was being subsidized, while the

529 "U.S. transit and automotive statistics.xlsx," cliffslater.com.

other half was profitable. Hilton tells us that all-bus operators, both public and private, were profitable overall through 1968.[530]

Governments do not do their accounting in real, inflation-adjusted dollars, so unless authorities made a conscious effort to account for inflation, they would only mislead themselves, and everyone else, by dealing solely in nominal or face-value dollars, especially in the 1970s.

These two charts below, Figure 13, show operating expenses per boarding and average fares per boarding for the transit industry as a whole. Average fares are the total fare revenue divided by the passenger boardings. The chart on the left shows the data in nominal dollars, it is not inflation-adjusted. The chart on the right is the same data, but inflation adjusted.

In the left chart, we see that nominal fares and expenses all go steadily up. In the chart to the right, with the data in real dollars, we find the fares dropped 40.2% in the 10 years to 1981, while expenses still increased 29.2%—even in real, inflation-adjusted dollars in the same period. If you are unused to the effects of inflation, it will help if you review the inflation-adjusted transit data from 1932 to 2019 in this footnote.[531]

Dr. Don Pickrell, the Chief Economist at FTA's Volpe Center, attributed a good part of the decline in average real fares during the 1970s to the adoption of various discount options, such as senior citizen's passes, fare-free zones, low student fares, monthly passes at discounted prices, free transfers and eliminating both zone fares and surcharges for peak-hour travel.[532] These various special fares are why economists generally use *average fares*, which is total fare revenue divided by total boardings.

530 Hilton, *Federal Transit Subsidies*, p. 98.
531 "U.S. transit financial data.xlsx," cliffslater.com.
532 Pickrell, Don H., "Rising Deficits and the Uses of Transit Subsidies in the United States," *Journal of Transport Economics and Policy*, Vol. 19, No. 3, September 1985, pp. 293-294.

Figure 13
Comparative nominal and inflation-adjusted fares and expenses[533]

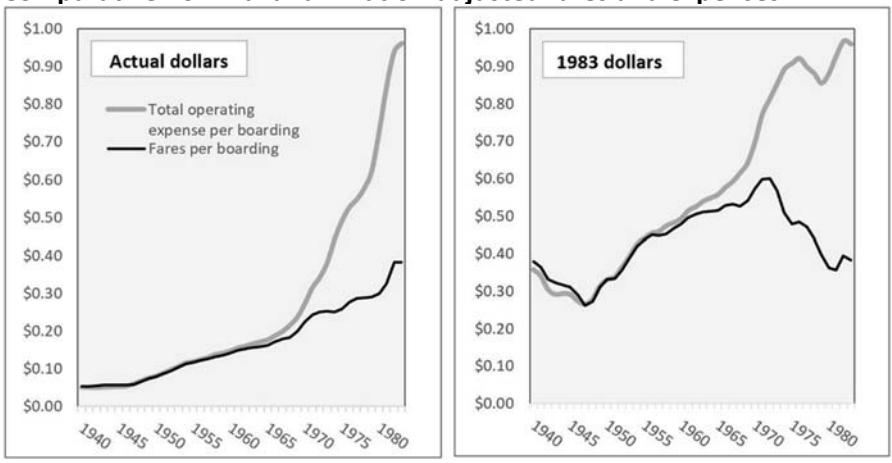
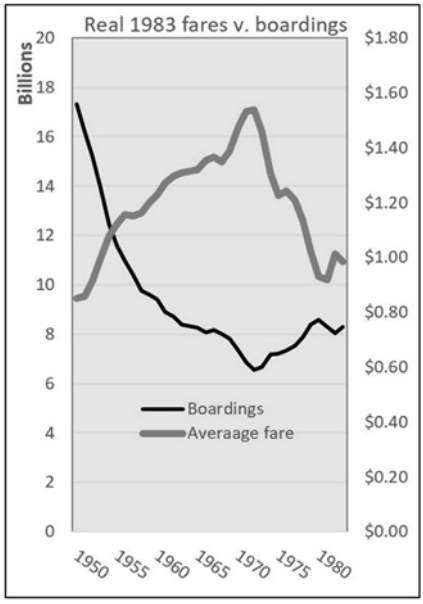


Figure 14
Effect of Fares on Boardings[534]



The plunge in real average fares and higher real increases in all expenses, especially wages, drove a spread between fare income and expenses such that by 1981, fares were covering only 38% of expenses while the remaining 62% was being covered by federal, state, and local subsidies.

Before we leave Figure 13, review Figure 14 adjacent and note that the fares line, in gray, uses the same fare data as that in Figure 13 above, right side. Note how the boardings line, in black, moves in

533 "U.S. transit financial data.xlsx," cliffslater.com.
534 "U.S. transit and automotive statistics.xlsx," cliffslater.com.

the opposite direction to real fares, in gray. As fares increase, boardings decrease, and vice versa.

From 1960 to 1970, transit commuters and total boardings declined by 12.7% and 22.0% respectively as riders were faced with a sharp rise in real average fares. For the boardings decline, the rising fares are only partially responsible, the sharply rising use of private transit, the automobile, is the principal culprit.

From 1970 to 1980, there was a 9.3% decline in transit commuters. But during the same time, total transit boardings increased by 0.96 billion, or 13.0%.[535] Non-commuting transit riders had noticed the declining real fares as evidenced by the fact that they had increased their ridership sufficiently to offset the decline in commuters.

Also check in Figure 12 how the boardings decline was flattening. From 1963 to 1967, buses declined by only 1.7% over 4 years. Then there was a sharp increase in fares and that, along with a decline in vehicle miles traveled, led to a sharp decline in boardings.

The ATU attack on fares began in 1970 and with declining inflation-adjusted real fares, boardings increased, and by 1978, boardings were back up to 1969 levels.

Another way to think about the data is to know that between 1971 and 1981, inflation was so virulent that prices more than doubled—by 124.4%, to be precise. And while nominal fares per boarding rose 34%, real fares declined 40%. Simultaneously, real wages for transit employees increased 36%.[536]

One can be forgiven for thinking it might not be a coincidence that with the passage of the Urban Mass Transportation Act of 1970, the first significantly funded federal transit legislation, real fares suddenly declined precipitously while real wages rose.

It was during this time, when real fares had been declining, that Congress found fares had to be constrained because many voters

535 McGuckin, *Journey to Work Trends*, p. 1-2, Exhibit 1.1; and "U.S._transit_and_automotive_statistics.xlsx," cliffslater.com.
536 "U.S._transit_financial_data.xlsx," cliffslater.com.

were telling their representatives they could no longer afford the higher fares. This alone showed that Congress was not looking at inflation-adjusted fares. In 1974, a congressional conference committee report stated:

> Inequities of unreasonably high fares are readily apparent, especially with regard to the elderly and poor who are so dependent on mass transportation systems. The common result of high fare structures is a reduction in the number of passengers and passenger revenues which support these transportation systems. The committee feels that enactment of a federal-aid program providing operating assistance would serve the purpose of reducing unreasonable fare structures, and particularly provide our lower-income and other dependent citizens with adequate transportation services.[537]

This played into the hands of the transit unions. The avowed goal of ATU throughout this period was to oppose fare increases and fight for public ownership of transit operations across the country.[538] The result was a squeezing of the private transit companies between rising real wages and declining real fares. This pushed the transit companies into the arms of local governments, where their members could more easily achieve wage increases.

By 1983, all the formerly independent private transit companies were publicly owned or providing service under contract to local transit authorities.

The unions were happy with this outcome; they would far sooner "negotiate" wages and benefits with elected officials than the private companies. The union officials could legitimately give campaign contributions to the elected officials who, directly or indirectly, sanctioned the wage and benefit increases.

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537 Gerald R. Ford Presidential Library, "The Emergency Relief Act from the Committee on Banking, Housing, and Urban Affairs: Conference Report," U.S. House of Representatives, 93rd Congress, 2nd Session, Oct. 4, 1974, p. 22 of 69.

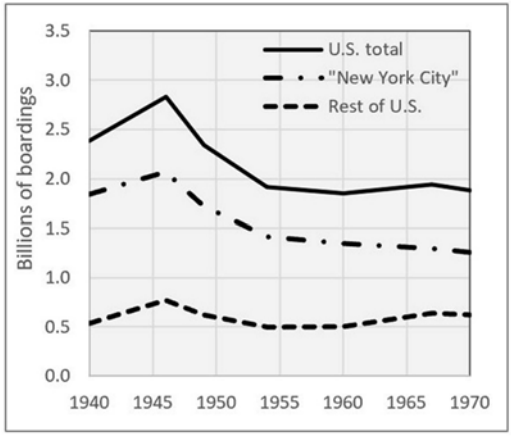
538 *A History of the Amalgamated Transit Union*, pp. 96-97.

Heavy rail

In 1966, Wilbur Smith noted that while the Chicago's freeways operated at capacity during peak hours, the rapid-transit route was at about half of its capacity.[539] The same had happened in New York.

Between 1946 and 1972, only two new rapid-transit lines were opened in the U.S., one in Cleveland in 1955, which merely put old President's Conference Committee cars on an existing defunct rail bed, and the new Port Authority Transit Corp.'s Speedline, operating between Philadelphia and Camden, New Jersey, which also took over former railroad trackage. In 1972, the first stage of San Francisco's Bay Area Rapid Transit (BART) project opened. All during this period, New York City carried at least two-thirds of the nation's heavy rail riders.[540] Other than BART, there had been little change in rail transit track miles for over four decades.[541]

Figure 15
Rail transit boardings, 1940-1970[542]



This needs to sink in: As Table 4, page 116 shows, from 1928 until BART began service, there had been little or no net increase in rail transit mileage in the entire nation. All those favoring a renaissance of rail transit do not seem to have raised the question as to why.

539 Smith, Wilbur, "*Transportation and Parking for Tomorrow's Cities*," Automobile Manufacturers Association, 1966, p. 104.
540 "U.S. transit and automotive statistics.xlsx," cliffslater.com, and Kirschling, *Rapid Transit in New York*, p. 52.
541 See page 116 of this book, Table 4.
542 "U.S. transit and automotive statistics.xlsx," cliffslater.com, and for New York City data, see Kirschling, *Rapid Transit in New York*, p. 52.

Heavy rail boardings nationwide declined after their World War II highs to their pre-war levels and stayed there. Had the New York City authorities maintained and operated their system reasonably well, their ridership decline would likely have been far less. This was explained by Kirschling:

> Acute disrepair and financial collapse were not the only problems. Crime had gotten noticeably worse on the subway by the 1950s, and violent crimes became a serious concern in the 1960s. Security became such a major burden on the [Transit Authority] that the City began to reimburse policing costs. Graffiti, which proliferated during the 1970s, further diminished the quality of the rapid-transit system.[543]

This later proved to be the case in the 1980s and 1990s when New York City rejuvenated both its equipment and operations and attracted a significant increase in ridership.

Commuter rail

Commuter rail ridership declined only 28% in the 1946-1970 period, slightly above its pre-World War II levels. Operators were typically subsidiaries of the national railroad companies. The parent companies subsidized the much smaller commuter rail operations to gain governmental goodwill for their much larger national passenger and freight traffic. By 1960, national intercity passenger rail volume had declined 31% below its 1940 level.[544] This larger decline caused the parent companies grave financial difficulties, and eventually they could no longer afford to subsidize commuter rail.

Commuter rail lines in 1962 were carrying only 2.6% of the boardings enjoyed by all forms of urban transit. As these railroad passenger operations declined with competition from the airlines and intercity bus services, their profits disappeared and they sought permission from the then existing Interstate Commerce Commission—which regulated all railroads, including commuter rail—to exit the commuter rail business.

543 Kirschling, *Rapid Transit in New York*, p. 62.
544 *Historical Statistics of the U.S., Part II*, p. 729, Series Q306.

Table 7
Commuter rail losses in 1958[545]

City	Losses	% of revenues
New York	($28,300,000)	-18%
Chicago	($7,500,000)	-28%
Philadelphia	($8,700,000)	-22%
Boston	($10,300,000)	-45%
Total	($54,800,000)	-31%

The extent of their financial problems and other financial issues were discussed by officials of the NYCR, New York Central Railroad[546] and officials of the Chicago Northwestern Railroad[547] during U.S. Senate and House hearings in 1962.

As of 1970, the 14 principal commuter rail companies in total had operating losses of $57 million before subsidies from federal state and local governments, ranging from a $23 million loss by the Long Island Railroad to two breaking even; the Burlington Northern and the Illinois Central.[548]

New legislation was proposed by President Nixon and passed by Congress in 1971 that allowed Amtrak, ostensibly a for-profit company, to take over the principal commuter rail operators with their intercity rail operations.

By 1972, Amtrak was in financial difficulties. In 1976, the government formed Conrail, "a government-funded private company,"[549] which as part of its portfolio acquired the five legacy

545 *The Collapse of Commuter Service: A Threat to the Survival of America's Metropolitan Areas,* American Municipal Association, 1959, p. 20.

546 "Statement of Samuel H. Hellenbrand, Director of Taxes, New York Central Railroad," U.S. Senate Commerce Committee hearing on Urban Mass Transportation, Sept. 17, 1962, pp. 6-18.

547 "Statement of Larry Provo, Vice President-Comptroller, Chicago-Northwestern Railroad, Chicago, Ill.," before U.S. Senate Committee on Commerce, Sept. 17, 1962, pp. 18-23.

548 Wells, John D. et al., *Economic Characteristics of the Urban Public Transportation Industry,* U.S. Department of Transportation, February 1972, p. #54 (p. 26),Table 2.17.

549 "Conrail: Brief History of Consolidated Rail Corporation," conrail.com, accessed Aug. 6, 2022.

commuter rail lines: Baltimore's Maryland Area Regional Commuter, Boston's Massachusetts Bay Transportation Authority, New York's Metro North Railroad, the New Jersey Transit and Philadelphia's Southeastern Pennsylvania Transportation Authority. Conrail subsequently turned over the responsibility for funding the commuter rail losses to the state and regional authorities affected.

It should be noted that without President Nixon's active support, funding may not have been provided for the Urban Mass Transportation Act or for Amtrak's funding of commuter rail

Jitney buses

Jitneys must be mentioned, not because they carried many passengers nationally, but rather because it is difficult to understand why they continued to be banned in most communities. San Francisco had jitneys, which survived the 1916 purge and remained on Mission Street and its environs.[550] There were 120 jitneys there operating 24 hours a day, seven days a week in the 1970s, and they were unsubsidized. Jitneys also operated in a few other cities, for the most part clandestinely.

In Atlantic City, legal jitney buses continue to this day to operate their profitable service with lower fares than the national average; in 1959 they were 15 cents[551] versus the national average of 17 cents.[552] This despite regulations requiring riders be seated—unlike other cities' buses or streetcars.

At a time of financial disarray among the monopoly operators, it is strange that no public officials paid attention to this element of transit operating profitably since 1915.

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550 Belknap, R.A., *The San Francisco Jitneys,* Unpublished term paper, University of California at Berkely, Bancroft Library, 1973, p. 11.

551 Sussna, Stephen, "Atlantic City's Jitneys—Traffic Answer?" *The American City*, May 1959, pp. 215-216.

552 *Transit Fact Book, '71-'72 Edition*, American Transit Association, p. 11, Table 9.

Parking

In the inaugural edition of *Traffic Quarterly*, in January 1947, associate editors Charles LeCraw Jr. and Wilbur Smith wrote:

> The parking problem can be effectively tackled through zoning requirements. Sufficient experience has been gained to show that the requirement of off-street facilities by zoning provides a uniform, impartial, and effective means of improving [parking] facilities in cities. It is believed that the advantages of zoning will ultimately be recognized by all cities and that more and more of them will enact zoning ordinances which will assure adequate parking facilities to serve traffic loads generated by new businesses.[553]

At the end of World War II, and for some time afterward, the principal source of city parking was on the street or in open lots. Parking meters were useful in controlling on-street parking to ensure enough parking for shoppers and others who wished to go downtown for short periods. By early 1946, parking meters were operating in 500 cities and 250 others had orders for them in process.[554] While parking meters were first used in the 1930s, they did not proliferate until after World War II. San Francisco, for example, did not put in its first meter until 1948. By 1951, municipalities throughout the U.S. and Canada had installed over a million meters. Meters increased parking turnover and helped with law enforcement, but they did not solve the shortage problem for the all-day parker—the commuter.

By 1946, there was, by consensus, a "shortage" of parking, and it became viewed as a municipal responsibility. Even though the public believed there was a downtown parking shortage, there were large areas devoted to parking space. One-third of Atlanta's downtown was off-street parking. In Detroit, it approached one-half, and in Los Angeles 30%.

553 Le Craw and Smith, "Zoning Applied to Parking," p. 28.
554 "How Cities Are Tackling the Parking Problem," *The American City*, May 1946, p. 145.

In addition, increasing taxes was as unpopular with voters as paying for parking. In San Francisco, even streetcar and bus operators demanded parking spaces for their cars, despite their free transit passes.[555]

Cities did not view the provision of parking as a market function in which the private sector would provide the parking space for which motorists would pay. Instead, city administrators believed that the government should play the major role in subsidizing its provision. The politically acceptable solution became the funding of municipal parking lots and garages, with the revenues coming from parking meters and permits.

Some cities levied special taxes on downtown landowners to defray some of the cost of municipally provided parking. Whatever the method used, cities invariably subsidized downtown parking significantly.

During this period, private garage operators were both competing and cooperating with city officials. There were some privately owned and operated garage facilities, although operators had to be cautious about constructing new facilities because the municipalities might open publicly owned and operated garages nearby and undercut prices. Thus, the private operators were more likely to have open lots that required little investment. Other garage facilities were municipally owned and privately operated. The potential profitability of such situations made private operators less willing to be critical of public operations. Nor was it unusual for municipalities to issue revenue bonds to build garages combined with downtown retail stores and other commercial enterprises.

The continual fear of their city centers disintegrating along with a need to preserve the tax revenues and mortgage structures caused city officials to accommodate automobile parking at whatever cost.

In 1947, LeCraw and Smith were prophetic about the future of the cities:

555 "Horsecar Management in Expressway Age," *Time,* Apr. 18, 1955, p. 96.

> Additional [parking] space off the street must be made available. If such space is not provided, business will be dispersed to outlying areas where it is readily accessible to the motoring public. Such decentralization, if rapid and uncontrolled, is dangerous, for the central business districts of cities pay a large proportion of the taxes.[556]

Downtown merchants complaining about how lack of parking was ruining their businesses were the major source of political pressure. But they did not expect to be the sole providers of this parking since they were insufficiently financed to do more than cooperate with the city.[557] As late as 1946, only 15 cities required off-street parking for office buildings,[558] but by 1953, 265 cities reportedly had parking regulations in their zoning ordinances.[559] By the early 1960s, most cities had built sufficient parking and forbade parking on congested downtown streets. Then, by the late 1960s, zoning changes mandating minimum amounts of parking in buildings also had a significant effect on the provision of parking. By 1972, cities had provided nearly all downtown areas with far more parking than the landowners. This relative abundance of parking depressed the price of parking below what the market could have provided it for. Since the cost of parking is a major deterrent to commuting by auto, the lower prices offered by local governments only further encouraged commuters to use their cars.[560]

Traffic congestion

At the end of World War II, auto growth led to greatly increased traffic congestion. Traffic engineers saw the principal solutions as threefold.

First, get parked cars and trucks off city streets by providing off-street parking facilities.

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556 Le Craw and Smith, "Zoning Applied to Parking," p. 10.
557 "Parking: The Crisis is Downtown," *Architectural Forum*, February 1963, p. 101.
558 Le Craw and Smith, "Zoning Applied to Parking," p. 22.
559 Yokley, E.C., *Zoning Law and Practice, Vol II*, Michie Co., 1953. p. 76.
560 Shoup, Donald, "The High Cost of Free Parking," American Planning Association, 2011, pp. xxvi-xxvii.

Second, remove traffic from congested streets by constructing freeways to bypass those areas.

Third, improve city streets to facilitate the movement of traffic.

Unexpectedly large increases in auto use, however, meant that all these efforts only kept congestion at the same level. The dramatic increase in autos and the new freeways that favored auto commuting[561] and the new parking facilities in central business districts all ensured that.

Traffic congestion had been the incentive for moving shopping to the suburbs. Had traffic congestion abated, this would not have happened so quickly. However, the character of the traffic congestion changed. In 1946, the primary problem was congestion in the downtown areas. By the early 1970s, downtown congestion had moderated, and the main concern now was the approaches to the cities.

Affluent countries worldwide were experiencing difficulties with traffic congestion. As reported in *U.S. News & World Report* in 1963, West German officials described traffic conditions in Bonn as "paralysis"—not surprising, considering its five-fold increase in cars over 12 years. London's traffic was "extremely bad," exacerbated by lax law enforcement because the British public felt traffic law an "unwarranted infringement of personal rights." Traffic congestion in Tokyo was supposedly the "world's worst," and Paris was in "stagnation."[562]

In the U.S., the public had put up with traffic congestion for many years. Americans had been led to believe that freeways, more downtown parking, and other traffic improvements would solve the problem. But now it was becoming clear that would not happen—and no one was offering them any solutions. In addition, some freeways

561 Owen, Wilfred. "Transportation," *The Annals of the American Academy of Political and Social Science,* Vol. 314, November 1957, p. 35.

562 "What to Do About Traffic?" U.S. News & World Report, Feb. 4, 1963, pp. 86-90.

were so aesthetically intrusive that they led to a backlash against all freeways.[563]

By the 1960s, transportation experts finally realized that they could not build their way out of traffic congestion. Freeways filled up as fast as they were built, and since they reduced travel time by automobiles when they weren't crowded with traffic, they encouraged more auto traffic and exacerbated the decline of transit. By 1966, cities had prevented a greater worsening of the problem through:

>> Building new freeways that allowed through traffic to bypass their central business districts.

>> Prohibiting on-street parking on congested streets and strictly enforcing traffic regulations.

>> Gradually moving industry out of the downtowns to the suburbs, with the remaining need for truck loading and unloading moving to new freight-handling facilities in commercial structures.

The decline of shopping in central business districts also relieved traffic, as retail merchants expanded to the suburbs. Virtually all traffic improvements increased the attractiveness of the automobile compared to transit. For example, synchronized traffic lights encouraged driving at consistent speed, thus improving driving times, though buses had to stop frequently anyway. Constructing pull-outs for buses, where they could temporarily exit the traffic lanes to pick up or drop off passengers, allowed autos to flow more freely, though again, bus speeds were little affected.

Streets and highways

The end of rationing after World War II returned traffic congestion to pre-war levels. Some states had built a few miles of freeway before the war, but little road work was done during it. By

563 "The Fight to Tame the Urban Freeway Takes a Positive New Turn," *Architectural Forum,* October 1963, pp. 69-70.

the war's end, and for a few years after, most U.S. roads were in great disrepair.[564]

Federal action began when Congress passed the Federal-Aid Highway Act of 1944, for a 40,000-mile superhighway system with wide approval from state and municipal authorities, but it did not establish funding for construction.[565]

The subsequent rapid growth in auto ownership quickly exacerbated the problem. It became "the major problem confronting the planning of cities in 1946," according to a survey of American Society of Civil Engineers members.[566]

Other causes of traffic congestion in most cities, according to engineers and planners, included:

>> The half of the city-center traffic passes through.

>> On-street parking, both legal and illegal.

>> On-street truck loading and unloading.

>> Downtown shopping by automobile.

Some states built turnpikes, the major intercity highways connecting larger Eastern cities, which charged motorists a toll for their use. By 1952, 600 miles of major tollways had been built and another 600 miles were under construction. There was a great deal of opposition to toll roads, but highway users accepted the value of the turnpikes, as evidenced by their willingness to pay the charges.[567]

Not until 1955 did Congress approve the funding of a federal highways program for which gasoline taxes provided 90% of the financing.[568] In 1956, Congress passed another Federal-Aid Highway Act. This one included a new Highway Trust Fund, dedicated solely to highways, and funded with an increased federal fuel tax. It would fund 90% of the costs of each interstate project. With passage of the

564 Rose, *Interstate: Express Highway Politics*, p. 29.
565 Poole, Robert W. Jr., *Rethinking America's Highways,* University of Chicago Press, 2018, p. 44.
566 "Traffic Congestion Doesn't Help Business," *The American City,* February 1946, p. 117.
567 Poole, *Rethinking America's Highways*, p. 43.
568 Rose, *Interstate: Express Highway Politics*, p. 41.

act, construction of interstate highways began, and sparked construction of intrastate freeways.

In addition, traffic engineers put great effort into maximizing the utility of existing facilities. They widened streets to accommodate more traffic, striped lanes, radiused street corners, timed traffic lights, allowed right turns on red and much more.

Not everyone agreed with the changes being made to accommodate the automobiles. Jane Jacobs described the effect on city streets as

> …erosion of cities by automobiles. It proceeds as a kind of nibbling, small nibbles at first, but eventually hefty bites. Because of vehicular congestion, a street is widened here, another is straightened there, a wide avenue is converted to one-way flow, staggered-signal systems are installed for faster movement, a bridge is double-decked as its capacity is reached, an expressway is cut through yonder, and finally whole webs of expressways.[569]

On January 23, 1959, the "freeway revolt" in San Francisco reached a climax with a resolution by the city's Board of Supervisors to remove several freeways from the city master plan.

By 1970, many other city residents had soured on freeways. A newly emerging attitude in the public toward freeways saw them as a device that encouraged private motorists, lured more automobiles to the central business districts and called for more freeways and parking lots. Over half the areas of many large cities were paved with concrete and asphalt. Destruction of housing, park lands and historic neighborhoods to make way for freeways was being protested from San Francisco to New Orleans to Washington, D.C.[570]

By 1972, 27 years after World War II, auto ownership had quadrupled. All the effort put into traffic engineering, new freeways and additional off-street parking could not cope with traffic increases

569 Jacobs, Jane, *Death and Life of Great American Cities,* Vintage, 1991, p. 349.
570 "Untangling Big City Traffic," *U.S. News & World Report*, May 25, 1970, pp. 48-51.

of such magnitude. Traffic congestion was still a major issue. *Fortune* commented:

> The new home-to-work patterns seem to be beyond any solution based on mass transit. The subway was ideal for moving people between high-density housing and high-density workplaces…But there seems no way to provide an efficient mass transit that can move people from low-density housing to factories—and even offices—spotted all over the countryside. The automobile has exploded metropolis open, and no amount of public transit will jam it back together again. The automobile looks like an unbeatable invention for circulating people from low-density communities to low-density activities of all kinds.[571]

Government regulation

Between 1827 and 1860, horse-drawn omnibuses were the major form of transit, but from then on, they gradually declined until the early 1900s, when they finally disappeared. During their time, they were virtually unregulated, as were the British omnibuses.

About 1860, when horse-drawn cars running on iron rails were introduced, monopoly franchises were established based on the theory that since rail lines needed to be laid in the public streets, government regulations were needed—whether the rails were used by one company exclusively or were shared by multiple companies. About 1890, electric streetcars emerged and quickly became the dominant form of transit. In smaller cities with a single power plant, the plant owner typically owned the streetcar company, so a single exclusive franchise might be all that was needed. In other cities, franchises for the streetcars and power plants might be awarded separately.

As streetcars expanded so did the regulations. Cities added special taxes and typically required the streetcar companies to pave the streets on which their streetcars ran. In the early days, streetcars were profitable and municipalities maximized their opportunities.

571 Bello, "The City and the Car," pp. 75-76.

But the heyday of streetcars came and went too. As of 1960, streetcars and electric trolleys had largely been replaced by motor buses, which like the omnibuses of the 1800s, were stand-alone vehicles using no electrical lines or rails. Thus, the rationale for regulating the buses no longer existed, but cities nevertheless maintained their monopoly franchises and taxes.

Government ownership of transit

For 75 years, from the first omnibus in 1831 until 1906, private individuals and companies operated all the transit in the U.S.

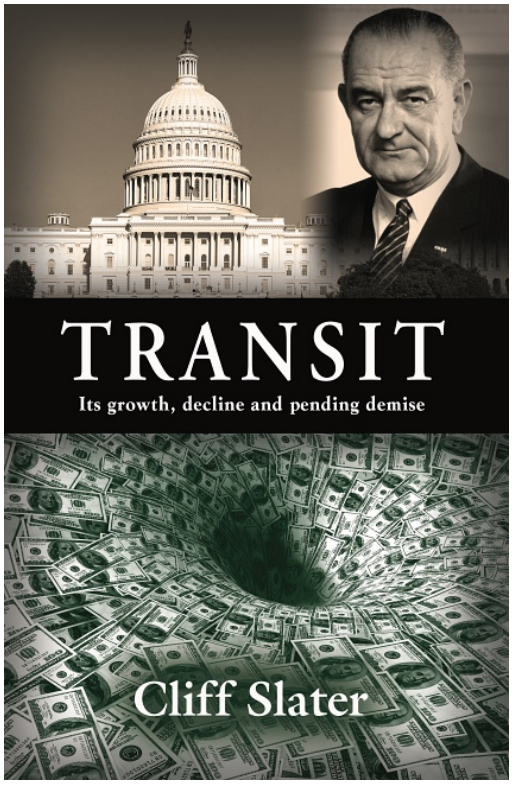
The first government takeover of a streetcar system occurred in 1906, in Monroe, Louisiana. The first large city to do so was San Francisco, in 1912, followed shortly after by Seattle, then Detroit in 1922.[572] In 1927, private operators still carried 97% of all transit boardings. The Depression resulted in more companies being taken over by their city governments, reducing the amount carried by private companies to 93% by 1937. New York City's 1940 takeover of a major part of the ownership and operation of the city's elevated rail and subway operations, its streetcars, and some bus operations, reduced private operator boardings nationally to just over 70%.[573] During the 1950s, as transit boardings declined by 37%, the number of transit operators taken over by government agencies nearly doubled, from 36 in 1950 to 68 in 1960. By 1967, sufficient companies had been taken over to cross the line of 51% of riders being carried by publicly owned entities. That still left over 1,100 privately operated bus companies. By 1970, the publicly owned operators carried 74% of the riders and by 1980 it was 94% and by 1983 it was all over. Thus, the early 1980s essentially marked the end of independent private transportation operations.

572 Jones, David W. Jr., *Urban Transit Policy*, Prentice-Hall, 1985, p. 79.

573 Neff, John, "Government Investment in Transit before 1940," presented at the 94th Annual Meeting of the Association of American Geographers, Boston, Mass., Mar. 29, 1998.

The *1985 Fact Book* continued to show the publicly owned carriers with 95% of the riders but that could be true only if they included the private contractors in that total.

New York City's Green Bus Lines, which was converted to a subsidized contractor around 1983, may have been the last independent privately operated urban transit company.



This story is about how transit was totally socialized in the 1970s through the deliberate efforts of federal and city governments. From 1975 they have wasted two trillion dollars in subsidies against nothing prior to that time.

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