



REGIONAL PLAN ASSOCIATION, INC.

... a research and planning agency supported by voluntary membership to promote the coordinated development of the New York-New Jersey-Connecticut Metropolitan Region.

230 West 41st Street, New York 36, N.Y.

(Area Code 212) LOngacre 5-1714

NEWS RELEASE

For information call William B. Shore
LOngacre 5-1714 or 914 MEDford 1-0053
(home)

March 11, 1965
No. 964

FOR RELEASE: A.M. Monday, March 15, 1965

REGIONAL PLAN SEEKS RAIL-GOVERNMENT AGREEMENT ON COMMUTER CRISIS SOLUTION; BACKS ROCKEFELLER, ASKS NEW JERSEY ACTION; RAIL HEADS AGREE

Regional Plan Association today released a 12-point statement on the commuter rail crisis in the New Jersey-New York-Connecticut metropolitan area which its officers have been circulating among key rail and public officials in the last two weeks.

Governor Rockefeller's recent proposal to establish a public agency to modernize and operate the Long Island Rail Road and take responsibility for continued service on the New Haven generally follows these points. Recent Connecticut action also indicates general agreement.

But the Association noted that New Jersey commuter railroads were in as serious financial condition as the New York lines. The heads of the three major commuter railroads in the New Jersey sector agreed generally with the 12 points and issued the following statements:

Stuart T. Saunders, Chairman, Pennsylvania Railroad:

Railroad commuter services for metropolitan New York cannot be operated privately without a heavy deficit. Yet this indispensable means of transportation is as much a public service as highways and streets.

The best assurance of modern, efficient commuter service in the future is to provide public

support. I believe that the most practical and least expensive method would be through contracts with public assistance groups, under which the railroads would operate commuter trains for their account.

P. M. Shoemaker, President, The Central Railroad of New Jersey:

The Central Railroad Company of New Jersey commends the Regional Plan Association for its timely and constructive "basic points" statement on mass transportation. It is somewhat optimistic with respect to the economics of modernization, but this does not detract from the validity of its recommendation that a regional public authority be assigned responsibility for the public service involved.

William White, Chairman, Erie-Lackawanna Railroad Company:

I agree with the basic premise of the Regional Plan Association's statement that public authority must assume the burden of operating losses incurred in operating suburban passenger service and provide the capital money necessary to modernize it. There is no justification for security owners of the railroad to bear the loss burden year after year, and under these circumstances management can not justify the investment of capital money. We realize the awful impact that would result from Erie Lackawanna's discontinuance of suburban service not only on 35,000 commuters but upon property values in communities and a large number of employees. Our cooperation in helping to solve the problem is evidenced by our offer to donate locomotives and cars now used for that service to whatever public agency may be formed to assume the burden.

Regional Plan's statement emphasized that the seven railroads providing railroad service in the New Jersey-New York-Connecticut Metropolitan Region have been doing so at an annual loss of about \$25 to \$30 million. They cannot be expected to continue the service on this basis, it stated.

Refusal by government to take responsibility for continuing commuter rail service would not eliminate government responsibility for getting rail passengers to their jobs. Governments now provide the alternatives to rail service--highways, subways and bus terminals, the statement continued.

Since railroad service is the most efficient transportation to work for most of those now travelling by railroad, without this service, governments would simply be forced to support more inefficient modes of transportation for them. In some cases, the cost of substituting bus for train service would be astronomical, apart from the disruption of homes, businesses and schedules that also would result. So governments must take responsibility for maintaining rail service or assure less efficient and attractive service at greater cost via other modes of transportation, according to the Association.

Furthermore, the statement went on, only governments can provide the substantial sums needed for capital investment in complete modernization, estimated to be in the order of \$1 billion for the whole metropolitan area, an average of \$100 million a year for ten years.

It seems appropriate for the state governments to assume responsibility for the operating deficits, according to Regional Plan, and for the federal government to provide a substantial portion of the capital investment required. Heavy federal investment in capital construction with the state taking the initiative and paying for maintenance is the formula followed in the interstate highway program as well as in the Mass Transportation Act of 1964.

"Immediate federal and state action--by New York and New Jersey legislatures--is needed to save the railroad commuter service and prepare for a much more efficient future through modernization and consolidation of the several lines where appropriate," Regional Plan President C. McKim Norton said.

"The basic approach of the Rockefeller plan for the Long Island and New Haven, when implemented by appropriate legislation, can provide the machinery for solving the railroad commuter problem for those living in New York and Connecticut," Mr. Norton observed. "Additional federal action will be needed to provide capital funds in the scale required over the decade of redevelopment.

"Federal capital investment should be made, however, only on the basis of Region-wide transportation planning, a principle already embodied in the Mass Transportation Act and the federal highway law that will go into effect July 1. In this Region, such a planning process is being carried out by the Tri-State Transportation Committee, in which New Jersey participates but to which it has not yet granted full official status.

"We have read so much about the importance of saving the New Haven's commuter service that New Jersey's problem has been pushed off the front page," according to Norton. "Saving the New Haven is important to the metropolitan area, but any faltering of New Jersey's railroads would have several times the effect on traffic flow and economic efficiency. Some 150,000 New Jersey residents work in Manhattan and about a third use the railroads to get there. While nearly all the Connecticut commuters to Manhattan use the railroad, there are fewer than 16,000 of them," Norton observed.

"We recognize that New Jersey was the first of the three states of this metropolitan area to assure continued commuter service with state subsidies and to prepare a plan for cutting costs," Norton said. "We know that New Jersey is aware of the essential role its railroads play in getting people to work every day, so in the face of this new financial crisis, we fully expect a state program that provides

a long-range solution. Regional Plan's conclusion, following a 1961 study for the United States Senate and subsequent research, is that a long-range solution requires full-scale modernization using the latest technology plus consolidation of operations of the several commuter lines of the Region.

"As a first step, we would recommend that a New Jersey agency plan for railroad modernization, seek federal aid for the capital investment, and collaborate with New York and Connecticut agencies which should be doing the same thing.

"The decision of the federal court on February 16, 1965 to authorize the trustees of the New Haven Railroad to petition for abandonment of commuter service has dramatized the commuter crisis in the New York and Connecticut sector of the Region," Norton continued. "The report of the committee on the future of the Long Island Rail Road did the same thing for that sector.

"We expect that the recent statements on the desperate financial condition of the Erie-Lackawanna and the Jersey Central will result in a new long-range railroad program for New Jersey.

"It is important not just to solve the crisis but to create out of it a situation far better than what we have now--more economical yet more attractive service. Regional Plan's 1961 study for the U.S. Senate showed that this is feasible if there is a public agency responsible for all of the Region's railroad commuting, with adequate capital for modernization."

Regional Plan Association is a non-profit citizens' research and planning organization serving the New Jersey-New York-Connecticut metropolitan area.



Regional Plan Association

230 West 41st Street New York, New York 10036 (Area Code 212) Longacre 5-1714

TESTIMONY OF AMORY H. BRADFORD FOR REGIONAL PLAN ASSOCIATION
BEFORE THE SENATE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE
NEW HAVEN, CONNECTICUT
March 11, 1965

My name is Amory H. Bradford. I live at 3 East 94th Street, New York City. I am a member of the New York Bar. I am speaking here for the Regional Plan Association as a member of its Executive Committee and past president. The Association is a 36-year-old civic organization which has always worked for an efficient, attractive and varied metropolitan area surrounding the Port of New York

We are not going to testify on any of the particular bills before you but only on the general principle of substantial federal investment in modernizing the commuter railroads.

In late 1960, this committee commissioned Regional Plan Association to report on commuter problems in the New York Metropolitan Region. We worked with a former Interstate Commerce Commissioner, Anthony F. Arpaia, on the recommendations. At that time, we came to certain conclusions, and the intervening time, as we believe, served only to underscore their soundness:

- There is no feasible alternative to railroad commuter service in the New York Metropolitan Region, taking the service as a whole.
- Wholesale modernization of the service is necessary to avoid steadily rising costs and to achieve optimum efficiency and standards of service that will hold and gain customers.

--Such modernization would cost on the order of one billion dollars over a ten year period, or roughly \$100 million a year. Only about half is likely to be needed in the form of a public grant. Just to put these figures in perspective, the highway agencies of all levels of government spent about \$4 billion just for construction and major repairs in the tri-state New York Metropolitan Region over the last decade.

--Further economies and improvements in service are probable from consolidating all railroad commuter service into Manhattan under a single public agency, which could either operate the service or contract for a given level of service with one or more private corporations.

Those who know the densely-populated, highly centralized, old metropolitan areas of the East understand how essential public transportation is to them. This is particularly true of the New York Region. The nation's key economic decisions are made in Manhattan's central business district. They grow out of innumerable meetings among constantly shifting groups. This kind of decision-making center can function well only when large numbers of people work very close together during the same hours of the day. In Manhattan, nearly $3\frac{1}{2}$ million people--almost the entire population of the second largest city of the country--enter and leave the central business district every day. This is an area no larger than Kennedy airport. One-fourth of them come during a single hour of the morning, 9 a.m. to 10. Of these, 9 out of 10 arrive on public transportation. There would be no room for them to arrive by car and still keep a center that functions as Manhattan must.

It is understandable that persons who live in other parts of the country, in smaller cities or even in newer, more spread-out metropolitan areas, do not feel the necessity of public transportation as we do. In all metropolitan areas in the country, on the average about two-thirds of the employees use automobiles to get to work. But in our Region, even including those who work in outlying sectors, only one person in three drives a car to work, and during rush hours there is no more room on the highways and streets within twenty miles of Manhattan. So our situation, and that of the other more concentrated urban areas in the East where a fifth of the nation's population still lives, must be made clear to the other four-fifths of the population.

High peaks of demand are costly for all forms of transportation--whether extra highway capacity must be built for a few hours of the day or extra trains provided. Since the New York Region depends so heavily on rail transportation to handle the peaks, rail transportation suffers these losses, even though it is the most efficient mode for transporting peak loads.

Federal aid to maintain rail commuter service in the larger metropolitan areas--and particularly in the more concentrated ones--is justified by the importance of a smooth and dependable journey to work for the nation's economic health. It might even be justified by the importance of getting the 70,000 federal employees to their jobs on time in Manhattan.

But the main reason for federal support for public transportation becomes clear when one begins to look at the transportation of the metropolitan area--any metropolitan area--as a single system. In certain regions and in certain sectors of those regions and at certain

times of day, one mode of transportation may be most efficient. At other times and places, another may be. In the inner 500 or so miles of the 7,000 square mile New York Metropolitan Region, the majority must use public transportation to get to work--in fact they must use rail transportation, either transit (the subways or Port Authority Tubes) or railroad service. There is little room for expanding highways for more buses or automobiles. Studies have demonstrated that automobiles could not possibly do the whole job and buses would be far less efficient in handling present rail commuters. In many sections of the Region, an attempted substitution of bus for rail would cause wholesale disruption of highway travel, neighborhoods, work schedules, real estate values, retail sales and transportation workers' jobs. In many cases, the substitution would be so costly as to be unthinkable.

In short, rail is the most efficient way of transporting people at certain hours and in certain corridors. Since governments cannot neglect their responsibility to assure adequate access of people to their jobs-- a responsibility they have assumed in highway construction and, in the New York Region, in providing subway service and bus terminals--it seems logical and imperative that the governments should fulfill their responsibility to the commuter population in the most efficient way, viz., existing rail lines. The alternative is to let rail service gradually halt, when far more costly and disruptive means must be found to get people to work. Were highways but not public transportation to receive federal funds in these regions, the result, inevitably, would be extra and inefficient spending for highways to do a job that rails could do more efficiently.

But why can't railroads pay their own way? Why not raise fares to equal railroad costs? Most observers--including the railroads themselves--feel that, as fares rise, enough riders will drop out and try to use their automobiles so that the total income from fares will scarcely go up while the burden on the highways increases. This is about what happened, in fact, when the New Haven last raised its fares. There is, in short, a law of diminishing returns. In fact, experiments in Philadelphia and Boston have demonstrated that railroads can increase total income while cutting fares, at least if that is accompanied by better service. But even there net income did not rise enough to meet expenditures.

Finally, some critics of public aid have harked back to the early days of railroading and asked why the principle does not still apply that railroads must provide the unprofitable service within their franchise area in return for the monopoly position the franchise provides. Unfortunately, this reasoning could not apply to several of the commuter lines in the New York Region because none of their services produces a profit. For the New Haven, the coup de grace was the building of the parallel Connecticut Turnpike by a public agency. Furthermore, there is some question of whether the principle actually makes sense any more, with sharp competition between rail and truck for freight and between rail and air or bus for passengers. Furthermore, this principle does not really benefit the Region. Private enterprise works when the corporation has a stake in providing the best possible service--when the enlightened self-interest of the corporation coincides with the public interest. This clearly does not occur when railroads are forced to provide a service they do not want to provide. Furthermore, a private commuter railroad could not possibly be expected to invest in research

to keep rail passenger technology up to the heavily subsidized air technology or to the highway construction and design improvements resulting from government research. Nor can railroads expect to obtain private financing for the modernization that is necessary to escape continually rising costs and a continually declining quality of service. On the other hand, a public agency responsible solely for providing the best commuter railroad transportation possible at the lowest possible price, an agency free to seek capital funds where they can reduce operating costs commensurately--as our research indicates would be true in the New York Region--probably could be expected to provide good service at reasonable cost and could be kept politically responsible for results. This is not as possible if public funds are simply pumped into a private corporation providing commuter service along with other railroad operations, particularly with the extremely complicated bookkeeping necessary for railroads. Then, of course, the public agency would depend heavily on tax-free bonds and operation as well as federal and state aid.

Regional Plan Association is a research organization that follows its studies to their conclusion without any particular political or economic bias. But the directors are men in responsible positions in business and the professions with representation from the labor movement. They are not inclined to fly easily toward a "government knows best" solution. But the conclusion seemed to the Board to be inevitable--that only through a public regional railroad commuter agency could adequate and efficient service be guaranteed.

We therefore strongly urge the federal government to provide sufficient funds for wholesale modernization of the commuter lines under such a public agency. We do not know exactly how much this would require from

the federal government, but it seems likely that up to half of the necessary billion dollars of capital investment might have to come from public grants. Under the 1964 Mass Transportation Act, this would mean about \$333 million from U.S. funds and \$167 million from the states. Since the whole program would take about a decade, it would mean about \$33 million a year of federal aid. This contrasts with more than \$170 million a year of federal funds that is scheduled to be spent for construction of the Interstate Highway system alone in the New York Region between 1936 and 1972. We then suggest that any operating deficits remaining after modernization be the responsibility of the states. Within the past week, all three states have indicated that they are going to take more responsibility for assuring commuter rail service.

Saving the commuter rail lines of the New York Region is not a major transportation task, compared to other problems facing the nation's urban areas. Done correctly, the New York Region could provide excellent railroad service far cheaper than any alternative form of travel. Without railroad service, on the other hand, the Region's transportation--and therefore its economy-- could be seriously crippled. All that is needed is a public agency, bi-state or tri-state, that will modernize the lines and bring them together in a single system. We urge sufficient federal funds to help to do this.