P U B L I C H E A R I N G

on

ASSEMBLY BILLS NO. 16 & 115 and SENATE BILL NO. 50
(Re RAPID TRANSIT)

before

ASSEMBLY COMMITTEE ON FEDERAL & INTERSTATE RELATIONS

and

ASSEMBLY COMMITTEE ON HIGHWAYS, TRANSPORTATION & PUBLIC UTILITIES

Held:
November 24, 1958
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEES PRESENT:

Assemblyman Martin Kesselhaut (Chairman)
Assemblyman J. Edward Crabiel (Chairman)
Assemblyman Daniel F. Flynn
Assemblyman John M. Keegan
Assemblyman Raymond E. Bowkley
Assemblyman John J. Kijewski
Assemblyman John J. Wilson
Assemblyman Robert E. Kay
Assemblyman Leonard Ronco
Assemblyman Benjamin Franklin, III

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I N D E X

(Prepared statements, etc., submitted to committee)

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The following will be found in Appendix to Hearing:

Report of S. J. Flink, Economic Consultant to General Assembly

Complete statement submitted by Port of New York Authority

Transcript of testimony adduced at meeting held May 15, 1958, Essex County, submitted by William L. Dill, Jr.

ASSEMBLYMAN MARTIN KESSELHAUT (Chairman): May we call the hearing to order, please.

This is a joint hearing this morning of the Federal and Interstate Relations Committee and the Committee on Highways, Transportation and Public Utilities of the General Assembly.

I am Martin Kesselhaut, Chairman of the Federal and Interstate Relations Committee, and the other members of this Committee present are: Assemblymen Kijewski, Ronco and Franklin. Of the Highways, Transportation and Public Utilities we have present: The Chairman, Assemblyman Crabiel, Assemblymen Keegan, Kijewski - who is also a member of that Committee - and Assemblyman Kay. Also seated in the front is our Consultant, Dr. Solomon J. Flink, and our Associate Consultant, Dr. Seymour Friedland.

Speaking for myself and the Members of the Committees, I should like to make the following statement at the opening of this hearing:

The Committees received the proposed legislation, A-16 and A-115, earlier this year. There was never any doubt on the part of the Committees that the transit problem was and is one of the most important issues confronting the Legislature. Precisely for this reason, the Committees felt it necessary to examine with great care not only the proposed legislation but also its background and objectives.

The Committees' Consultant prepared a series of interim reports. Each of these was discussed by the Committees in one or more sessions. On several occasions joint meetings were held to procure the views of the Port of New York Authority, as well as of the Metropolitan Rapid Transit Commission.

It is the earnest hope of these Committees that all parties who wish to be heard at this hearing will address themselves to this issue and present facts before these Committees.

We have asked those who wish to be heard today to indicate their presence by signing a pad that we have in front. We ask that you sign your name, your position, and whether you are a proponent or an opponent, that is, whether you are speaking for or against any of the bills that we are going to discuss here today. When you speak, we have one microphone, where Senator Lance is seated, and we would ask that you come forward and state your name and your position, for the record here, and please speak clearly into the microphone. We would ask also that, if you do have prepared statements, you present one of them to the stenographer and also to the Committee Members.

We will call first upon Senator Lance of Hunterdon County.

SENATOR WESLEY L. LANCE: Mr. Chairman, my name is Wesley L. Lance, State Senator from Hunterdon County, and Majority Leader of the Senate this year. It may seem unusual that the so-called Majority Leader of the other House will appear at an Assembly hearing. However, I come here in the spirit of good will, with the thought that this is one of the ten biggest problems in the State of New Jersey and probably one of the half dozen biggest problems of the State, and that the solution eventually will have to be brought about by a Republican Senate and a Democratic House. Whatever I say is off the cuff. I didn't decide to do this until I came down in my car today. I have a hearing of my own at 11 o'clock and I am a little early.

Basically, I think this resolves itself into two questions or two facts. First, that passenger service can only be operated at

a loss. I think the experts have tried it everywhere and haven't been successful in operating it at a profit. And that is basically true whether you are talking about commuter passenger service or some other kind. And second, assuming that you can only operate passenger service at a loss, what parties will pay the deficits.

It is my conclusion that eventually, in order to solve this problem, many parties and many segments of our State's economy will have to contribute to the deficits.

You people today are interested primarily in the metropolitan area of Northeastern New Jersey. But they have railroads also in the metropolitan area of Philadelphia, and that is another problem which affects New Jersey.

What are some of the groups which possibly, eventually, will have to contribute to the deficits of passenger service? First, I believe that eventually the Port of New York Authority must contribute. It's an easy solution to say, "Well, whack them with the whole load." As a practical matter, I don't think it will ever happen. I think the best that can result is that the Port Authority contribute a portion of the deficit. The legal vehicle for accomplishing that will be difficult. You can't get the Port Authority to touch Rapid Transit with a ten foot poll, and the answer is very simple - you can't make any dough out of it and, therefore, they won't do it voluntarily, and maybe you couldn't expect otherwise. They don't want to go into a deficit financing operation.

However, it may well be that the person who pays fifty cents to ride the tunnel with his car, is going to have to expect to pay an extra nickel, as a deficit or a subsidy toward Rapid Transit. And that's going to be his contribution toward living in

Essex or Hudson or Union or Bergen Counties. But the over-all good of passenger service contributes something to that man who goes through the tunnel and he's going to have to expect to pay a little bit of something.

So first, I believe the Port of New York Authority is going to have to pay a part of this loss, in any ultimate solution, but it is unrealistic to believe that we should or ever will whack them with the full load.

Second, the railroads themselves must cooperate, and perhaps this cannot be accomplished through a voluntary effort and it can only be accomplished by the long arm of compulsion of the State Government; meaning that, if we have two or three terminals serving three railroads where one terminal will do, force may have to be used in the nature of economic compulsion to avoid duplication of facilities; and that the Hudson & Manhattan Tubes, as obsolete as they may be, may have to be brought into this situation in order to avoid costly river crossings of the ferry type where the losses to the railroads run in the millions over a year.

The third thing is, the State of New Jersey may expect to contribute, by way of subsidy, something to this, which would be a relaxation of its tax system. There isn't much difference whether the State relaxes its taxes which it now collects or gives an outright subsidy. The answer is the same.

Fourth is, we may have to expect a regional subsidy. By a regional subsidy I mean the same thing that Boston - the Boston Metropolitan Area found out 30 years ago. As I understand the Boston system, the deficits there are divided in two ways - the debt service deficits are divided among those municipalities, which are served by the Boston Metropolitan System, according to

H & M Tubes, will be of necessity that which gets us by the emergency.

It is my belief that the best solution and start on this is the passage of Senate Bill 50 which sets up the District. As I understand that bill, it doesn't do anything more than set up the District; and if there is to be regional subsidization or any other sort of subsidization, that would have to come back to your House and my House for approval by both houses.

I don't think we can solve it by the commission of the Legislature. Our salaries in this Legislature are $5,000 a year. After Uncle Sam takes his out, the first day, we have less than $4,000 which is enough to run my law office two months for operating expenses. You're not going to have a solution of Rapid Transit by a group of Legislators, I don't think. And remember that Rapid Transit is just one of the problems that we Legislators are faced with in life's vale of tears. It's Rapid Transit this morning at 10; it's the State Board of Tax Appeals at 11; it's new taxes at 2; and it's something else at 4 o'clock. I think you are going to have to have a District charged with the duty to work on this and that is their sole responsibility to see what they can do with it. The problem is a big one. It's confronted the people in Toronto, the Port of London, Detroit, California Bay area, - the same answer everywhere, as far as I know, - nobody has ever run any passenger trains, commuter or otherwise, at a profit; and it's only a deficit operation, as far as I can see by studying it elsewhere, and basically your problem is a narrow one. You keep the service, which is good to the metropolitan northeast, and you subsidize it in some way, or you go without it.

Again, in closing, I want to bring out one thing, that if the H&M Tube should fold up, the question is whether our existing

tunnels are adequate to take all the vehicular traffic that would produce, and if not, isn't the Port of New York Authority going to have to build some more capital facilities.

I want to thank this Committee for putting me on first so I can go to my own hearing.

CHAIRMAN KESSELHAUT: Any questions?

ASSEMBLYMAN CRABIEL: Senator Lance, in your honest opinion, do you think that Senate 50 allows the Port Authority to be brought into this picture after the Commission is formed?

SENATOR LANCE: I don't know how you're going to bring the Port Authority into this picture ultimately. If you want to do it by compulsion - and I think that's the only way you're ever going to do it, they're not going to volunteer, - it's going to require an awful lot of good lawyers to compel the Port Authority to contribute. All Senate 50 does, as I understand it, is to set up a District - period.

ASSEMBLYMAN CRABIEL: Well, the reason I asked the question, you at the outset said that you thought perhaps this was going to be solved by a multiplicity of solutions and some contribution, possibly, from the Port Authority. Then later in your remarks you stated that you endorsed Senate 50 and you were here speaking for it. The point of my question is that there is considerable thought that Senate 50 fixes or actually limits any possible Port Authority involvement in Metropolitan Rapid Transit because of the wording of the bill and how the Metropolitan Rapid Transit Commission Report has stated it. That is the purpose of my question, that if you are endorsing Senate 50 and if you also have not ruled out at this stage the Port Authority being in this picture, how can you support Senate 50 as such?

SENATOR LANCE: I think all Senate 50 does is to set up a District, and those Commissioners, in their wisdom or lack of it, will have to wrestle with the problem from that point on. I tried this morning to point out what I think will be the ultimate solution of this problem, five or seven or ten years from now, assuming the carriers don't go busted in the meantime.

CHAIRMAN KESSELHAUT: Thank you, Senator Lance.

The Committees now would like to acknowledge receipt of the report of its Economic Consultant, Dr. Solomon J. Flink, and would like to file same and make same part of the record.

I would like to call now upon Austin J. Tobin, Executive Director of the Port of New York Authority.

MR. DONLAD V. LOWE: Your Honors, Chairmen Kesselhaut and Crabiel, and Members of the Assembly: I'm Donald Lowe, Chairman of The Port of New York Authority. My first privilege and pleasure this morning is to introduce some of the Commissioners of the Authority who are here with me. I would like first to present those from New York: Mr. S. Sloan Colt, Mr. Charles S. Hamilton, Jr., and Mr. N. Baxter Jackson; then we have from New Jersey, Mr. Horace K. Corbin, Mr. Thorn C. Lord, and Mr. John J. Clancy.

Needless to say, we have given this matter a great deal of study and thought, and we feel that our position can best be presented if it is handled by one individual. With your approval, therefore, we would like our Executive Director, Mr. Austin J. Tobin, to speak for us.

Thank you.

CHAIRMAN KESSELHAUT: Thank you, Mr. Lowe. I would also ask Mr. Tobin to file his written statement with the stenographer so that it may be made a part of the record.

MR. AUSTIN J. TOBIN: If the Committee please, this is the third time that we have appeared before the Committee this year in opposition to Assembly No. 16. The Commissioners presented their unanimous answer to the Committee's Economic Consultant in May and then we had a hearing on that report and on the Port Authority's reply. We appeared again in September, in the Governor's office with the Committee, and submitted again our reply to the second report of the Consultant. And now we are here again.

In each of these reports the Commissioners have expressed their unanimous and unqualified opposition to Assembly No. 16 or any bill of similar purport.

Under the compact, the Port Authority policy must and has always been made here in these halls and in Albany. It is the duty of the Port Authority to conform to the bi-state policies set by the Legislatures under the immediate surveillance of the two Governors. But here is a bill, Assembly 16, which would attempt to establish a policy with which, as a matter of constitutional law, we would be forbidden to conform. Here is a bill which would give us a directive which is beyond our power to obey. It would attempt to legislate the illegal. It would order us to contract to breach our contract.

And so once again this morning, Mr. Chairman, the Commissioners in the brief that has been submitted, state and summarize their conclusions that - and I'll read them - it is legally, financially and contractually impossible for the Port Authority to assume the railroads' increasingly heavy deficits from commuter operations, or the cost of developing any new rail rapid transit system.

Second, that even if it were legally and contractually possible, the assumption of rail transit deficits by the Authority would cripple and close down almost immediately the program of the two states now under way for the continued development of their critically needed port facilities, of the essential airports, which are indispensible to the metropolitan area of northern New Jersey and New York in this age of air transport. It would shut down the Port Authority's participation in the financing and construction of the interstate highway systems, which are so essential to the four million people in New Jersey who own motor vehicles.

Now, the reason for these conclusions with respect to A-16 require consideration of the background of just what kind of public agency did this Assembly help create in 1921. And under that compact of 1921, how does the Port Authority go about financing a new project.

Now, as these Committees know, the Port Compact of 1921 executed and put into operation after four years of interstate debate, pledged this State and its sister state of New York to faithful cooperation in the future planning and development of their common Port of NewYork. The result of that compact, which you worked out and authorized, and which has been before you in various phases and in various problems of necessary statutory implementation, I think in every session of this Legislature since 1921, - the result has been the construction of public port and terminal facilities in northern New Jersey and New York that represent now a public investment of over $800,000,000.

Under that compact, as you all know it because it's geared for statutory construction and for further statutory assistance at

every session - but under it the powers of the Port Authority, as you would state them in a constitution or a charter, are very broadly stated. And they are broadly stated to roll across the field of public terminal and transportation construction in the Port area, in the sense in which you base it in this bill. They are very strictly limited because, though you enumerate all types of Port projects which the Port Authority is permitted to study and inquire into and grapple with, we are not permitted to go forward with any one project unless it can be made and placed on a self-supporting basis, without any cost to the general taxpayer. You achieve that in the compact by giving us, as you should have given us, absolutely no power either to tax or to assess, and no power whatsoever to pledge the credit of either State.

Our activities, therefore, our field of operation, our entire usefulness, is limited strictly to a program that the Commissioners believe can be made self-supporting, and not only which they can believe and be convinced are self-supporting but as to which they can go down to Wall Street and convince private investors, institutions and banks that those projects can be self-supporting too.

Now, in order to make it possible to sell bonds on such a basis, a purely revenue basis, on what these projects, these pooled projects could earn, and nothing else - Port Authority bonds that we have sold, and which we have outstanding today in the amount of over five hundred million, are secured by an irrevocable commitment and pledge of the net revenues of those facilities to those bondholders. They are secured in the second place by an irrevocable commitment and a pledge of the net revenues of all other facilities except the one to which the bonds were addressed

in the first place. They are secured by an irrevocable commitment and pledge of a general reserve fund set up under the authority of this Legislature. And then they are secured by a commitment and pledge of all other reserve funds set up in those bond indentures through the years.

Now, all revenues, therefore, under these securities to people whom we ask to buy bonds on the strength of what revenues these facilities and these facilities alone could earn, and to buy the bonds with no possibility of tax support, no possibility of recourse to the State, these bonds and all the revenues that flow into them are most strictly governed by contract with the bondholders. Thus, all of our revenues, all of them, are pledged to rigid contractural controls set up under your statutes. They must be used, first, to cover operating and maintenance costs; they must be used, second, for debt service; and then all of them that remain over, without exception, must be paid into these specified reserve funds which must be then maintained in accordance with our contracts with the bondholders.

There is nothing extraordinary about this. I don't know how it would be possible to persuade people to lend us this kind of money, except on such pledges and contracts. We have borrowed, when the market was right, millions upon millions of dollars at $12.50 interest per thousand for 40 years. We borrowed some the other day at $35.00 interest per thousand for 20 years, 25 years. And I don't know, without having any general tax pledge back of such bonds, how it would ever have been or would ever be possible to convince people to lend us the money, in the kind of money astronomy that we're talking about, for these projects without this kind of certitude and contract and guarantee that at least they are going to get their principal back.

The reserves are principally a general reserve fund, as it's called, which we must maintain in the amount of 10 percent of the principal amount of the outstanding bonds. All revenues which are not required for that general reserve must be paid into special reserve funds which are also pledged to bondholders.

Now, as I have said, all Port Authority revenues must be paid into one or another of these reserves, and in those reserves they can only be used to fulfill contractural commitments to the bondholders. They may not be pledged to finance any new activities or operations, if that activity would materially impair the Port Authority's financial condition.

There are, therefore, no excess revenues free of these contractural commitments to bondholders.

The Port Authority's credit, our power to go on borrowing this kind of money, is dependent entirely, as I have said, on these facility revenues and on these reserves. When the bondholder buys, he or his financial analyst or his investment counsellor, the trust divisions of the banks, of the insurance companies, weigh our financial statements and records, and we try hard to issue good and informative and complete financial statements and records; they look to our reputation for financial management and they look at the record of our general administration, that is the ratio of our expenses to our revenues. But then, beyond these things that are available and determinable from the records and the accounts, there is something that is quite intangible, and yet of fundamental importance, and that is the intangible of investor confidence. The investor looks and has in mind in Port Authority securities our achievements on these projects of self-support; he has in mind the stability of the Port Authority on its record of

the past 37 years, the continuity of its policy; he has in mind, as building up investor confidence, the financial policies that are being expressed here this morning by the Port in the memorandum that they have submitted to you. And so, on the basis of all of these intangibles, our bonds have an "A" rating, a rating that means to us, we would say, in our market as much as 1% on our securities, which is to say in our present debt service is probably reflected to the extent of a saving of about four million dollars a year.

Now, the Port Authority bonds, under these contracts and indentures and pledges, cannot be issued as a matter of, again, our contract with these bondholders - which they could stop in ten minutes in any court unless our demonstrable net earnings, including the new issue of bonds, are at least 130% of our maximum future annual debt service - the thing we refer to as the 1.3 rule. In other words, we must, as a matter of historic earnings, be earning the debt service as it is projected in any maximum year. We must be earning that debt service to the extent of 1.3 times, which is to say 130% of the maximum future annual debt service. Thus, at the time of a new issue of bonds, if you were taking on a new project, be it a new airport project or a new rail project, or whatever it might be, if your future maximum annual debt service projected ahead and its maximum, we'll say, was $20 million, you would have no contractual power to sell that bond; it would be stopped in the office of our bond counsel as a bond that would be illegal to issue even, unless at the time our historic earnings for the past few years - or for 12 months out of the past three years, to be accurate, - were at least $26 million or 1.3 times.

In 1957, by way of example, our net revenues exceeded our then maximum future debt service, as you could forecast it, to the

extent of 1.8 times. And this year, with large new capital structure out, I think we have issued and sold something like - or constructed something like $350 million of new facilities since 1954 - our net revenues will only exceed our maximum future debt service to the extent of 1.37 times, in other words, very worrisomely close to that 1.3 limit when the bar goes down and we are out of the market.

Now, we have outstanding in the way of projects in our present program of work, of things that have been done, things that you have authorized us to do and things which upon the strength of that authorization the Board has approved, have gone to the Governor's office here and in Albany and have not been disapproved, and then upon those bases we have made contracts with aviation companies, cities, engineering concerns, - we have ahead of us in the next 5 years some $700 million in new and committed construction.

As of last June, to get into the computation of that, the projects authorized and under way by the Board, following the process that I have just gone through, amounted to $853 million. Of those authorizations, outstanding authorizations of the Board, we have constructed some $150 million at the present time. So that of those authorizations, there are a little over $700 million outstanding and on the way toward completion in 1964.

With those commitments and with that work in progress, our projected debt service coverage ratios get this thin and this worrisome. As I have said, this year our debt service coverage will drop to 1.37. In 1959 it will drop to 1.35. In 1960 it will drop to 1.36. In 1961 it will be 1.44. In 1962 it will be 1.44 again. And in 1963 it will drop again to 1.41.

Now therefore, our financing, large though it is and using large numbers as it does in large public projects of this kind, is therefore a marginal thing, - marginal in the point that we are arriving at, carrying out the program that you have authorized,- very close to the line where, under our general commitments to bondholders and on the only way that we can sell bonds, we've got to be watching that bar ahead of us all the time as to when it might drop.

If you should add transit deficits, it should be quite clear, to this, transit deficits which we believe and which we think we can demonstrate to you will be something like $16 million, the present deficit of the present commuter railroads in New Jersey this year, transit deficits which we think we could demonstrate to you and can demonstrate to you were something like $20 million in 1957, - if you add those to this $700 million Port program to which we are committed, the plain fact is that the Port Authority would be absolutely unable to borrow. And the ironic thing about it is, it not only would be unable to borrow to carry forward the $700 million program of airports and docks and piers and bridges and highways that is under way today, but it actually would be stopped cold in its tracks by its bondholders in attempting to finance a rail transit system itself or in attempting to take over the deficits themselves.

So there is nothing that could be more self-defeating to its very objective than the attempted directives of this bill.

Now, what does this program consist of? What's its importance and significance. Well, we have contracts outstanding and on the way for the George Washington Bridge. The second decking of the George Washington Bridge is under construction. The whole job will cost $183 million. Properties have been bought in New York, bought in New Jersey, contracts have been made with your

Highway Department for the Bergen Expressway, which we will finance in the amount of $25 million. The whole project is $183 million. We have $175 million of that to go. We have an agreement with the Tri-Borough Bridge Authority, executed pursuant to the authority of the Legislature here and in Albany, under which I'm quite positive that by early next year we will be in construction of that bridge to the extent of $320 million.

There is $12 million already under contract for the continued program of dock and pier development at Port Newark.

There is $13 million already under contract for the new channel at Port Elizabeth that will open up an area that will be bringing something like 40% of the entire Port of New York flow of export and import cargo into the Newark Bay area.

We have $15 million under contract under our general $85 million program over at the Brooklyn piers. And we have under contract with the airlines and others for hangars, runways, and terminals at the airport some $170 million actually under contract.

And those figures total some $704 million. And I repeat that if under this bill it were attempted to pile on the annual transit deficit, on top of this, we would have to default in all of these commitments and on transit too.

I might say that the items I have referred to are only those that are under way in one way or another with the Federal Highway Department, contractors, cities, airlines, shipping companies, under contract. The actual amount of work that we expect to complete by 1964 in this program amounts to $856 million. Typically, I simply said, as to Port Newark, $11 million, because that's what is under contract. At Elizabeth, $14 million, because

the channel is under contract there in that amount. But actually, by 1964 our program at Port Newark will require the raising and expenditure of some $47 million of new money; and at Elizabeth some $23 million of new money.

Now, the legal impossibility therefore, if the Committees please, is not for lack of statutory authority as distinguished from statutory responsibility, but rather the absolute imcompatability between railroad deficits and the Port Authority's contractual limitations with its bondholders, by your statutes, to confine itself to self-supporting projects. It's legally impossible because as a matter of law the Commissioners have no power to act if their actions would not be in conformance with these pledges to their bondholders.

Now let's try to run through Assembly No. 16 and see how clearly that comes out, these legal conflicts.

Section 1 directs the Port Authority to finance rail transit and it says: "in addition to powers and duties heretofore delegated" and I have shown that this in effect would be a direction to repudiate existing contractual commitments.

Section 4, at the bottom of page 2, directs that rapid transit facilities "shall be built and paid for in whole or in part out of moneys to be raised by the Port Authority on bonds or other securities." Yet, as I have shown, Port Authority bonds couldn't be sold as this bill would direct because current railroad deficits would immediately invoke the prohibition of the 1.3 coverage agreement for transit or any other purposes.

Section 5, at the top of page 3, purports to authorize the Port Authority to pledge the General Reserve Fund - legally impossible, on the face of it. The contractual commitments that I have been discussing wouldn't permit the draining of hugh sums

annually, and the impairment of the security of the $500 million of outstanding Port Authority bonds.

Section 5, the same section, also attempts to authorize a pledge of revenues of the Port Authority as they come in. Yet every penny of Port Authority revenues from these facilities, in order that we could finance them at all and get people to loan us money at all, every penny is already pledged to the holders of these outstanding half billion dollars worth of bonds. And there are, therefore, not ten cents worth of unpledged revenues which the Port Authority could use for rapid transit purposes. There are, therefore, as the Board has pointed out in the memorandum which they have submitted for the consideration of the Committees, simply no Port Authority resources which are either legally or constitutionally available to assume rapid transit deficits. That's a defect in the bill that couldn't be overcome by any amendment to the bill. The plain fact is that no legislation which would attempt to direct the Port Authority to assume the commuter railroad deficit operations of a bi-state or, as your Consultant suggests, a tri-state agency, - no such legislation could stand the test of constitutional review.

The effect of this bill on our credit and the cessation of the program, as the Chairman advised the Committee when he submitted the report, has been given very exhaustive consideration through many, many years by the Board. Many of them are men of experience in the investment-banking field. Many of them are lawyers. The views that I have submitted to you represent their considered judgment. We have quoted for you, though, in the memorandum also, the judgment of some of the investment leaders in the street that we have to go to, to borrow money, whom we have to convince of our

stability and our observance of our contracts in order to continue to borrow money. We've quoted the head of Blyth & Company, one of the leaders of the syndicate that bought $25 million of our bonds last week, who said it would be fatal to the Port Authority's credit if they undertook to finance transit systems by pledging its surplus revenues and its general reserve fund.

I think I need not dwell on - although we've developed it in the memorandum - the general economic importance of the work that I have outlined to the Committee, in every part of the Port area, in its docks, in its piers, and its airports and its new arterial connections and highways. You are as able as I am to translate them into jobs and economic reflections throughout the entire community, and you know the importance of them. And in weighing the bill, we simply ask you to weigh that importance and the consequences of bringing such a program, as this bill would bring such a program, to a dead stop.

Before discussing the transit deficits themselves, may I, Mr. Chairman, say something about the problem itself as we have seen it and in accordance with the compact and comprehensive plan and its general directives to the Port Authority of its fields of interest. The Port Authority, as I will demonstrate to you, has studied this transit more and more extensively through the last 30 years than any other single group, I think, in this community except, undoubtedly, the railroads who have been sweating it out. But we have been studying it since 1926, over and over and over again, and submitting the reports and studies to you when any question was raised. Since our reports were so uniform as to what the problem was and what its lineaments were, in the last case we put up $800,000 for some independent Commission, set up by this

Legislature and appointed by the Governors, for independent study of it. So, I think we know something about it and its difficulties. It involves, I might say at the outset, infinitely more than simply trans-Hudson traffic. It includes, as your Economic Consultant has well pointed out, commuter transportation - West Chester, Connecticut, Long Island - in the central business corps itself in Manhattan. The Port Authority has bi-state responsibilities on both sides of the Port, and as it does in its airports and other facilities, the Port would have equal responsibilities in this or any project on both sides of the Port and in both States, and with respect to all of these rapid transit problems of which the Jersey side of the problem is but one slice of the pie.

To take the central business area corps of this metropolitan community of northern New Jersey and New York, there are every day some 3,300,000 people that come into and out of Manhattan south of 59th Street. That's bodies, that's not trips. There are 6,600,000 trips but there are 3,300,000 people who leave New Jersey or leave Baldwin, Long Island, in the morning and come into Manhattan and go out home again.

Now, of these some 2,800,000 are handled by intra-city facilities, city subways and local bus lines coming in from Queens, Brooklyn, the Bronx, coming over on the ferries from Staten Island; and as to the segment from New Jersey, you finally get down to the fact that what there are out of these 3,300,000 people, there are 128,000 commuters who come in in the morning peak hours, from 7 till 10, - 128,000 come from New Jersey into that business area of Manhattan. They come in, 72,000 of them by rail, and 43,000 of them by bus, and 13,000 of them come in by auto. So that, as you will see, 90% of them come in now by

mass transit.

Now, actually, the New Jersey rail commuters are less than 5% of all of those entering this central business area during the morning peak hours.

And the deficit of this operation - deficits ride around the whole pie, and for the whole movement and operation. In the New Jersey segment of this commuter pie alone, according to the statistics from their published statements, the statements they sent to their stockholders, and according to the statements of the railroad officials themselves before government agencies, their deficit in 1957 was demonstrably $20,000,000. Those are not ICC accounting forms, those are the real figures from the financial records and from the statements under oath of the railroad presidents to the ICC, to the Public Utilities Commission here and a similar body in New York.

This year it will be a little less because of the fare increases and their temporary stimulant, say $16,000,000.

Now, that's just the New Jersey segment.

For this commuter service in from the Boroughs of New York City, in from Queens and the Bronx and from Brooklyn, into the business area, the taxpayers of New York now are carrying a capital annual loss of $87,000,000, and they have, as they move toward their fiscal year at the end of September, an operating loss that looks like $20,000,000, which is the thing that raised the problem over there that under the law they must increase fares. And that is raising a political problem, a very proper political problem there as it raises a very proper political problem here.

Incidentally, the commuter service back and forth to Staten Island and New York also involves, that ferry service, an

annual deficit to the City of New York of $6,000,000.

Then, in addition, you have the deficits of the Central, the New Haven, the Long Island and the Staten Island Railroads, which you can estimate - I haven't gotten the accurate figures and statistics that we believed we would have on those - we think it's somewhere between $10,000,000 and $15,000,000 a year.

So that the total of this transit deficit, this over-all problem that you are grappling with here this morning, the total is an annual deficit of something like $150 million just from the old equipment and the old operations that the people have today, to say nothing of any great new plan. But the deficit for the whole pie that the Port Authority is in, whether it will or not, as a regional agency with geographic jurisdiction around the whole district, - that deficit is right today $150 million a year.

I think it should be awfully clear that the Port Authority couldn't assume one little part of this or any part of it without assuming it all. In the discussions between the City of New York and the Port Authority in 1948 and '49, about the possibility of Port Authority development of city piers, one of the rocks that that ship went down on was the City's insistence that as a part of the pier operation we take over the Staten Island Ferry operation. And for the reasons which I have indicated here, we could not do that, because if we did that we couldn't make the piers pay for themselves. Comptroller Gerosa returned to that problem here just the other day, when he discussed the pier problem in the City's budget discussion and raised again the question of possible Port Authority operation of the Staten Island Ferries.

Now, these deficits, if the Committees please, are not

things that men can control. There is good experience, earnest management in the railroads that have had every incentive of private businessmen to grapple with these deficits and who know more about them than the Port Authority or any of us outside of the railroad business will know about them. And their deficit spiral has been the inevitable and ever-increasing. That record is parallel, as Senator Lance said, across the country, without exception, in every single transit operation into any metropolitan district. The reasons for this are clear and have been frequently discussed, and they are not going to be cured, so far as these deficits are concerned. They include the very structure of our regional development in America today.

In the days before the automobile our communities developed like spokes going out from the hub of a wheel, along the rail lines. It was the natural place for them to develop. In those days, Commissioner Corbin reminds me that when he was a boy going back and forth from Elizabeth into New York he used to buy a monthly commutation ticket for $4.50. And the point is, and the interesting point, that that $4.50 was not even paying the 1914 dollar cost of the Jersey Central Railroad at that time because the interest of the railroad, as the interest of a utility today, was to develop those areas immediately along the railroad in which they had a profit of economic interest in the development of freight, and the passenger fare was rather a loss leader, as it can be in many proper instances of utility development today.

But, with the introduction of the automobile and the bus and the truck, that whole pattern of regional development has changed, and our metropolitan regions of America are no longer developing along the lines of the railroad. They are mushrooming

out, as you see them today in Bergen and in Middlesex, as they are seen over in Long Island in the development of Nassau and Suffolks that, God knows, has nothing to do with the Long Island Railroad. The development isn't where the Long Island Railroad is at all. And the Long Island Railroad's condition - well, you know it as well as I do - is precarious and impossible, economically. West Chester and Rockland are having this same spreading, mushrooming type of development and are less and less dependent on the central city. They are developing now their own shopping centers. We have the tremendous development of industries that is evidenced, more than any place else, here in northern New Jersey. And this is one of the things that puts its finger on the inevitability of these transit deficits across the whole United States.

Another one is the effect of the five-day week, and the automobile. The immediate decreases in railroad use over week-ends and holidays and in the off-peak hours. And the attraction of the bus or the automobile itself for that kind of travel. It is wholly improbably that the construction of any new or expanded rapid transit system, with or without a public subsidy, would re-divert passengers, as you and I know our Saturday and Sunday and family and liesure and recreational travel, - would re-divert those people to the rails the way we went to the beach with our parents by the rails when we were kids, or we went to the country, or we went to visit our aunts, on the rails. It doesn't exist anymore and it is not going to come back. They are inevitable, these deficits, and continuing and increasing because of the operating characteristics of the rail problems themselves, the peak hour problem where your whole equipment - tracks, real estate, everything you have, how you pay for your taxes on this operation, - has to be paid for in less

than 20 hours of operation a week. Yet the service must be geared to those hours. The equipment must be available to those hours. And the labor costs must be geared to those hours. Or to put it the other way, the labor cost, very understandably because people have to eat, must permit itself to be geared to those hours and the commutation crews must be paid overtime for a very large majority of all the commutation trips and are virtually idle in the meantime.

The equipment is very old and very expensive to maintain, and is, as I say, idle for most of the time, and all efforts to increase its usefulness, step up its economic helpfulness by modernization or other devices suggested and tried intelligently by many of the railroads, have come to naught.

Dave Mackie, who is known in these halls, in his position as Chairman of the Eastern Railroads Presidents Conference, said: "The question may at this point appropriately be asked if the provision of modern, up-to-date equipment would solve the problem." And he said: "Unfortunately the cancer lies deeper, so the answer is no. The experience of the roads that have bought new equipment" he said, "bears this out."

This Committee is as familiar as I am with the problem of railroad taxes, which is part of the inevitability of this deficit. You know both sides of these questions but, even here, the tax relief can only be part of the picture and couldn't in anyway reverse this trend. It would achieve a partial stoppage of the trend so that the Long Island Railroad cound continue over there for a few years but that story comes to an end three or four years ahead of us.

George Alpert, the President of the New Haven, has said that: "Tax relief would help, but costs have actually long since

passed the point where tax relief alone can meet all or even a major portion of the deficits."

Fare increases are self-defeating. Since World War I the New York Subway fare has gone up 200 percent. Traffic in the off-peak hours of the New York Subway System is continuing to fall off. You are familiar with the record of that over here. There has hardly been a year since the end of the War when you haven't had railroad increases of some kind in a desperate effort to keep up with their economic problems. And you have the effect that, with those increases, a $20 million deficit for 1958 may be shaved to $16 million. But that's transient and will pass.

These are the reasons why these deficits are inevitable, why they are very large, and why they're ever-increasing. And I know of nothing. Your Consultant has suggested that if we, the Port Authority, took over, they might cut the deficit by carrying mail. The actual fact is - I shall not go into the details of that but the actual fact is that even the Post Office is getting away from rail handling of freight and getting more to truck handling of freight. And certainly that would pertain in a congested community such as this metropolitan community.

He suggested the possibility of our developing in connection with it, to cut the deficits, parcel post - that we might develop concessions, such as we developed at the airports, and restaurants, he said; that we might build up shopping centers around them.

Then, even taking up a thing that we really said because we thought it was rather humorous, in our first brief,- if one can be humorous about this subject at all - we said, we noticed that the good Doctor suggested that we take over the deficit passenger

operation but nothing about the profitable freight operation. So in his second and third memorandums, particularly in this one before you today, he thinks that's a fine idea and the Port Authority should handle railroad freight throughout the area.

I might leave comment on that to the spokesman for the railroads who will come after us.

Your Consultant also suggests that out of this sixteen or twenty or twelve or whatever may be this large deficit, that somehow the Port Authority's administrative efficiency could save or might save the day. And he says that we might make administrative savings of as much as $5,000,000 per year.

Now, in the Metropolitan Rapid Transit Commission's proposal for a $500 million system, they suggest that their total operating expense is $7 million. Now, if you accept Dr. Flink's suggestion that of these operating costs 15% is a reasonable administrative expense, instead of $5 million we would arrive - if we took that $500 million plan, even on his own figures, at $1 million in savings. But the actual fact is that the only possible administrative savings that one could even conjure up would be in top administrative staff because we don't know how to run a railroad. And the only people who know how to run a railroad are railroad people.

So that when you get down to the savings of top administrative staff, if we use our own comparative figures from the Port Authority, you might possibly save 1½% of that $7 million loss that the Metropolitan Rapid Transit Commission, Dr. Page and all of their experts, calculated, and that would bring you down to about $100,000 a year in savings. And I think that is possibly somewhere near the reality of that $5,000,000 savings, if there is

any reality to it at all.

We have reviewed in our memorandum, and I don't think there is any need to review it here, the experience of other agencies. We've given you the Chicago, San Francisco, the Boston experience, the Old Colony experience, and they are all easily reviewed.

We have also reviewed our study, year after year after year, for the last 30 years of this problem, and indicated to you that we can't come out on it and never have been able to come out any place else but in this dreary recital of a deficit and hugh deficit operation that is characteristic of this field of public service.

I think that I should, however, like to close saying something about a very seductive theory that is being discussed, called, the theory of transit integration. It's advanced as some magical solution to this terribly difficult problem. The theory runs something like this, that automobile competition with commuter railroads is grossly uneconomical for the whole urban community and it is necessary to revert this competitive trend to induce automobilists to return to the railroads. And this you can accomplish, according to the theory, by what is called the integration of transit, that all modes of transit, everything in the area, should be under one great super-duper agency that has absolute power to control it.

Now, I might suggest that this theory, and you'll hear it sometimes in very learned halls these days, - it has the appeal of simplification and it has the advantage of something that is totally untested. It reminds me in its enthusiasm something of the enthusiasm that we had in Greenwich Village sometime ago for what was called "technocracy," which was the idea that in an

age of science and technocracy that our Government should be a government of technical experts. That was a very popular theory for a while but it's gone.

So let us consider this theory for a minute because you will find it very seriously advanced. I think it would be advanced here at these meetings. Let us consider the root of it, which is this theory of competition and the theory of interchangeability of the passenger between the bus or the auto and the rails. Because if there is not in this movement of traffic, if there is not real competition, if this traffic isn't interchangeable, then the whole economic and governmental theory of this concept of integration is meaningless.

Now, I've shown that there certainly isn't any competition, in the sense in which we regard it in the American corporate world today, between the rails and the automobiles on week-end and holiday travel. Certainly nobody thinks that is recaptureable to the rails. There is certainly none of it in the mid-day traffic, and in the evening travel where people are not at all necessarily, with their widespread regional-wide interests today, following the lines of the railroads in where they are coming from and going to. It has no application at all to the fellow who works in New Jersey. And coming through the tunnel this morning you passed them in buses and otherwise, automobiles, by the thousands. It's a very, very heavy movement, almost as heavy as the movement from New Jersey to New York. He has no rails that he can go to the Johnson & Johnson Plant on, or the Paramus plant on, or one or another plant on. He must go by bus or mostly by auto.

On the average week-day, something like 52% of the automobiles going through our bridges and tunnels across the Hudson have neither origin nor destination in Manhattan. In other words, they are not

following lines of traffic that have anything to do with the old established rail lines. They are not competitive at all, this 52% of traffic in automobiles that comesthrough. And it's not divertible.

In summary, all the auto riders crossing the Hudson during the commuter hours of all of them, only one out of twenty travels into the central business district. So there is only 5% of the total auto riders using Port Authority crossings today who are in any way even potentials, the maximum potential railroad customers. And many of these are doctors, salesmen, and other people who require their automobiles in their daily work and are not divertible. And actually 90% do come in today by mass transportation, rail or bus. So that the extent in real competition in commutation between auto and rail or bus is nothing less than trivia. And the railroad problem will, therefore, not be solved by any such conversation piece as integration of transit because there is nothing to integrate.

The other phase of this lovely theory is, "we'll integrate the whole thing financially." The sub-title of that would be the integration of the deficits. The theory is, the pooling of the revenues of rail and automobiles and buses in the whole metropolitan area would make them all self-supporting. Yet, as I have shown, the total annual deficits of the railroads and the City Transit System are something like $150 million a year and actually the total net revenue, after debt service, of all of the toll agencies is something like $57 million or $100 million less than would be necessary to meet the transit deficits. And in that $57 million I've included the Turnpike and the New York Thruway, going to Cape May on the south, and to Buffalo on the north, as being willing

to have their revenues integrated in the local transit problem.

Finally, the theorist says that we can do it by increasing tolls. That's the theory of your Economic Consultant. It runs through his first two reports to you and it's implied and suggested and pushed forward time and again in this third report. The theory being that the owners of the automobiles, the trucks and the buses should make up these $20 million a year in commuter traffic. We have said to you and we can demonstrate that to make up that $20 million a year or more would mean a toll increase to 75¢, flat, and the wiping out of the commuter rates, which your Consultant suggested in his first report; and as we pointed out to you, this would only carry, if you did it, only a fraction of the regional deficit. That's only the New Jersey section of the regional deficit.

Now we are dealing with a situation in which I believe 97 or 99% of the tunnel and bridge users could not and would not use commuter railroads even at bargain rates. And I leave that suggestion of wiping out commuter rates, as I leave the suggestion of whether the Port Authority should handle railroad freight. We might leave that suggestion of whether or not we should wipe out commuter rates and raise all the tolls, in case of automobiles to 75¢ and proportionately otherwise, - maybe leave that to the automobile associations and the 4 million of your people who own motor cars and would be asked to pay that.

Finally, even if there were any competition or if there were any pooling of revenues that could accomplish anything, or any increase in tolls, the theory of integration of all transportation requires, above everything else, a super agency with absolute power to say where you shall build or where highways shall be built in New Jersey, in New York, or any place else, because unless you achieve that kind of a directive, there is no

reason why all the finest plans of a super-duper agency in charge of all transit of all kinds, rubber and rail, couldn't be knocked into a cocked hat, because the agency, in order to make the thing stand up at all would have to dictate to every person exactly how he should travel, and dictate also where the new highways should be built into the area, or whether they should not be built.

Now, I've discussed these hugh annual deficits. I've shown that they can't be legally or financially taken out of the Port Authority's reserves, they can't be financed by Port Authority credit. I think your Consultant has played, through his three reports, - he has argued in his first report that transit, despite all these figures and facts, can be self-supporting; he has argued that the Port Authority can pay for it out of revenues and reserves; he's argued that it can be paid for by raising tolls. But in his third report he seems to have thrown in the towel as to these three wide hopes and he now frankly faces the problem in its reality, and that is that he admits that for at least five or ten years, as he puts it, it's probably that deficits would have to be financed by either a bi-state or a tri-state subsidy. Now, this is important to note that he says frankly a subsidy and not a guarantee.

It's a very different thing for the State of New York or the State of New Jersey to guarantee the bonds of the New York Thruway or the Garden State, having before them estimates of good engineers who conscientiously believed at that time that those facilities could pay their own way. And it was only pointing out that if the State did guarantee the bonds, that you could make enormous savings in interest costs.

That's one spirit in which the Legislature may say "all right, we'll guarantee the bonds." But a guarantee in this case is very

properly described as not a guarantee at all because these deficits are large and certain, and what it is is a cold underwriting, if anyone faces it, of a subsidy.

So that all that remains of the proposal to involve the Port Authority, in this third report, in the transit problem is the suggestion that it operate the commuter railroads on a bi-state or even a tri-state basis at the expense of the taxpayers of the State who have to subsidize the deficit. That subsidy would not be temporary, it couldn't be partial, it's simply a proposal to subsidize the Port Authority - you do it alone in New Jersey to the extent of $20 million a year and up; if it's done on a bi-state or tri-state basis, to the tune of $150 million or up. And I simply ask what Legislator is there in either State that would support such a bill of enormous, constant and increasing Port Authority subsidy.

A contractural subsidy, and it would have to be contractural, would require state-wide referendum. If you were to sell new bonds, - of course, you couldn't sell them with any of our established credit, but if you were to sell new transit bonds for such a system, with a State subsidy to back them up, you would require amendments in both States. And I suggest, therefore, that this is quite unrealistic and would only serve in postponing the day when the realities of this problem have to be faced.

A subsidy, of course, also would bring to an end everything that the Port Authority has been able to accomplish in operating as a autonomous self-supporting agency under the surveillance of the Governor, and bringing to its work the best kind of business management that it can. If we are a subsidized operation, that very probably is over. And we should, as any department or division

of the State should, be subject to the regular, continuing, direct and immediate everyday control of departmental operations. And with that, what the Port Authority has or could accomplish in the future is gone.

Thank you.

CHAIRMAN KESSELHAUT: Thank you, Mr. Tobin. Before we call upon the Committee members for questions, I would like to ask Assemblymen Flynn, Wilson and Bowkley, who are also members of the Highway Committee, to please find seats up front here with us.

Are there any questions?

DR. SOLOMON J. FLINK: My name is Flink. I am Economic Consultant to the Committee. Mr. Chairman, I should like to call your attention to the fact that I received the memorandum of the Port Authority, which runs well over 20,000 words, two minutes after the hearing began. For obvious reasons, I'm in no position at this moment, having listened attentively to what Mr. Tobin had to say, to question him on statements in this memorandum. However, Mr. Chairman, if the memorandum is like his oral speech, there seem to be some obvious contradictions and at least some inaccuracies.

Mr. Tobin, would you mind telling me on which page of my final report, which is the only one before us right now, there is reference to a $5 million savings.

MR. TOBIN: Well, it's in --

DR. FLINK: There is no reference to any figure whatsoever.

MR. TOBIN: Page 20, administrative cost. You say: "The Metropolitan Rapid Transit Commission was not able to supply your consultant with Mr. DeLew's figures on his estimated administrative costs of the proposed Bi-state District. However, let it be

assumed that a separate agency would have general administrative costs around two-thirds of those of the Port Authority. This would be equivalent to approximately $5 million per year."

DR. FLINK: Right. But where do I say the $5 million could be saved? I merely estimated the cost of the agency because the MRTC did not give me those costs. You told us --

MR. TOBIN: You say over and over again that the administrative costs could be saved by the Port Authority.

DR. FLINK: Right. A part of the cost. I never said $5 million could be saved. I estimated the cost of the MRTC.

MR. TOBIN: Would you accept my figure of $100,000?

DR. FLINK: No. No. Now, Mr. Tobin, would you point out to me where in my final report, the only one before us, I suggest an increase of commuter tolls?

MR. TOBIN: Well Doctor, as far as I'm concerned, you've got three reports before you and I am very little interested in whether your reports --

DR. FLINK: Then the answer, Mr. Tobin, is --

MR. TOBIN: The answer is yes. I say that your last report is filled with inferences of commuter tolls. And I know that on my copy of it I have written at least four or five places on the margin - increase the tolls. You may feel, Doctor, that you were saying it very gently and not as directly as you said it in your first and second reports, but it is certainly there, and certainly there throughout the section where you discuss the integration of transit and where you hold before the readers the idea that the Port Authority, if it had both tolls and rails, could increase its revenues. So I must say, as far as I am concerned, you have three reports before this Committee. And you say this frankly in your

first two and you infer throughout your third report. Here are a couple: You say on page 27, "Is not the magnitude of the deficit relevant to this issue?" And then you say, "Suppose that a somewhat higher fare than the one assumed by the Metropolitan Rapid Transit Commission consultant were feasible and that supplementary revenue sources plus the economics of a single administration could be raised, would this still be beyond the ability of the Port Authority?"

DR. FLINK: That obviously refers to railroad fare. MRTC never talked about tolls. It obviously refers to supplementary sources. Incidentally, your $20 million, which you mention in your first report, should arithmetically have been $33 million.

Mr. Chairman, I should like to ask for the privilege of addressing my questions to Mr. Tobin after I have had a chance to examine in detail his memorandum that I received at 10:05 this morning.

CHAIRMAN KESSELHAUT: All right, Dr. Flink.

Do any other members of the Committee have any questions? Assemblyman Kay?

ASSEMBLYMAN KAY: I am Assemblyman Robert E. Kay from Cape May County, Mr. Tobin, and I would just like to clear up one point that bothered me in the early part of your talk. You made reference to the fact that all present revenues and reserves are pledged, as I understood it, to existing bond issues. The problem that's bothering me momentarily is this, that if you were to engage, in the next 12 months or the next 60 months, in new projects which would require new and additional bond issues, would not the revenues and reserves, to which you refer, be available for those bond issues to come in the future?

MR. TOBIN: Only if the Commissioners of the Port Authority would certify to the investment banker that that project would redound to the general credit of the Authority, which is to say to the general credit of the people who have bought the $500 million of bonds; and only if they could demonstrate to them, arithmetically, that that new project, when added to the existing new revenues of the Port Authority, and when its debts were projected out into the future with all other debts of the Port Authority would result in a debt service coverage of 130%.

ASSEMBLYMAN KAY: Then, strictly speaking however, the present revenues and reserves are not - let us say, the door is not closed to commiting those to future bond issues.

MR. TOBIN: Well, it is closed unless those future bond issues have to do with projects that can be made self-supporting and in which the Commissioners of the Port Authority will not only certify as a matter of conscience and a matter of record that they believe that they can be made self-supporting and will add to the general credit of the Port Authority; but also if they can demonstrate arithmetically on sound projections of its existing net revenues and its maximum future debt service that those projects will not hurt this bondholder. That's all he has. If that bondholder has an open end bond without those restrictions, he has a piece of paper.

ASSEMBLYMAN KAY: Well then, the contractual duty, to which you referred, to the existing bondholders is still subject to a - shall we say an open-door policy provided the Commissioners, together with a fiscal review of any new projects, results in a determination that it would be of advantage to even the existing bondholders to go into such a project.

MR. TOBIN: Yes, sir. I wish to emphasize that if the Commissioners could conscientiously come to the conclusion that they above all mankind could run transit on a self-supporting basis, there is nothing in the charter to stop the Port Authority from entering into that operation, though they would have to be back to these Halls for many bits of implementing legislation, and there is nothing in the bond - if they believe that and if they can sell that to Wall Street.

ASSEMBLYMAN RONCO: Director Tobin, I am Leonard D. Ronco, Assemblyman from Essex County.

Director, you stated that all projects undertaken by the Port Authority must be self-supporting. Is that correct? that all projects undertaken by the Port Authority --

MR. TOBIN: Must be capable of self-support.

ASSEMBLYMAN RONCO: Must be capable. Well now, my question to you is, are all these projects that the Port Authority is now undertaking, such as some of the facilities, - are they all self-supporting?

MR. TOBIN: No, sir.

ASSEMBLYMAN RONCO: My second question is, since that is in the affirmative, does this impair your sale of bonds at any time?

MR. TOBIN: No, because they were little mistakes.

ASSEMBLYMAN RONCO: They were little mistakes?

MR. TOBIN: Yes. The truck terminals are not self-supporting.

ASSEMBLYMAN RONCO: Are all airports self-supporting?

MR.TOBIN: Yes, all the airports -- well, the airports, sir, --

ASSEMBLYMAN RONCO: As a whole?

MR.TOBIN: -- as a whole are well self-supporting today.

In other words, today New York International is carrying LaGuardia and Newark.

ASSEMBLYMAN RONCO: So then you group most of your -- all your facilities.

MR. TOBIN: We group those facilities, yes.

ASSEMBLYMAN RONCO: Well, couldn't this be grouped into your facilities, the acquisition of the rail transit?

MR. TOBIN: It is very difficult to pool deficits, and deficits on this scale.

ASSEMBLYMAN RONCO: Assuming that your current obligations of about $700 million were not undertaken, do you think then that the Port Authority could undertake the rail transit problem?

MR. TOBIN: No, I don't, because I think the deficits of $150 million a year of the rail transit problem of the Port district, - well, there just demonstrably are no resources in the revenues of existing Port Authority facilities that could conceivably carry it. Of course, it's a question that assumes that we could breach our contract with respect to the $700 million of existing contracts. That's the point that you wanted, you wanted me to assume that. Yet, even assuming it, sir, the rapid transit deficit is such that all of the revenues of the present facilities could not carry the rail rapid transit.

ASSEMBLYMAN RONCO: Director, you mentioned about the possibility of increasing the auto fare to a flat 75¢ and probably even discontinuing the commuter rate. May I ask how long has the present 50¢ rate been in operation?

MR. TOBIN: Since 1931.

ASSEMBLYMAN RONCO: And wasn't it stated at that time that when the bridges or tunnels became self-supporting there would be

a reduction in the rate?

MR. TOBIN: It was frequently said but it never was stated by the Port Authority or any responsible person connected with the Port Authority.

ASSEMBLYMAN RONCO: And the Port Authority never contemplated such a reduction? As to your knowledge, if you know.

MR. TOBIN: Well, it has never been contemplated as the operation went forward because there has never been a time, sir, in which -- we did, of course, reduce our ratesto commuters by cutting them in half in 1952. So your present rate for your New Jersey commuter is 26¢. So to that extent we made a very substantial cut in tolls.

ASSEMBLYMAN RONCO: Well specifically to the automobile, at 50¢, could that have been reduced at any time and the Port Authority still maintain a profit? Could that car rate have been reduced at any time?

MR. TOBIN: I know of no time when it could be reduced beyond the reductions that were made in 1952.

ASSEMBLYMAN RONCO: Say for example, 10 years ago or 15 years ago, if it were reduced to 25¢ would the Port Authority then be operating at a deficit?

MR. TOBIN: Ten years ago the Port Authority was getting ready to construct the third tube of the Lincoln Tunnel, which was essential. Ten years ago the Port Authority was asked by Newark and New York to take over the responsibility for the development of the airport, which they regarded as essential. Ten years ago we were in the process of taking over the responsibility, which was approved here, for the development of Port Newark.

ASSEMBLYMAN RONCO: And today you are in the process of commiting yourself to some $700 million.

MR. TOBIN: Today we have committed ourselves to $700 million under your authority.

ASSEMBLYMAN RONCO: Well, if we give you the authority to undertake the rail transit, do you think that the Port Authority will work as vigorously in that respect?

MR. TOBIN: We have worked vigorously through 30 years to find an answer for self-supporting rapid transit, sir, and we have to come here and plead to you that we have not found it, or anything like it.

ASSEMBLYMAN RONCO: Well, that was my last comment, Director. I take it from all your remarks, particularly the latter, that there is no solution in your opinion --

MR. TOBIN: There is no self-supporting solution.

ASSEMBLYMAN RONCO: -- as to the rail transit in this area, --

MR. TOBIN: I'm positive.

ASSEMBLYMAN RONCO: -- since you feel certain that the trend is to automobiles and not back to rail, and that it is inevitable that there will be continually a deficit.

MR. TOBIN: Well, I think the general national trend of the American economy is based on the automobiles. We are building a tremendous amount of new roads at federal expense because, I gather, the people of the Country thought they needed those for the American economy. I don't say, sir, that you don't need these present commuter railroads coming into New York. You have got to have them. The people can't get in and out of New York without them. We must have them. So, I don't want to be interpreted as

saying that I think the bus or the automobile, at the present time at least, is the substitute for them. I think we will approach that period. I know that Ford, Bacon & Davis, in their studies of the Metropolitan Rapid Transit, found that there was really no need for rail service in Bergen County and it easily could be handled by bus. I agree with that. But at the present time and for many years to come you need that rail service from New Jersey into New York and from Long Island into New York. I don't know when it would ever change from Long Island into New York with the general congestion there. As a public service, just like we need water and sewerage facilities, and one thing or another, if we are going to live in this great congested metropolitan area, we need commuter service by rail.

ASSEMBLYMAN RONCO: Then admitting, Director, that we do need commuter service by rail, and acknowledging the fact that the rail system is cancer ridden today, don't you feel that the Port Authority is the best available agency to undertake to cure this cancer.

MR. TOBIN: No, sir. I do not. I don't think it would be of any help and I think that all that would happen to you, you'd invite -- I think it would be a perfectly completely destructive approach and you would simply stop any hope of moving toward some constructive and realistic approach to it. There is no realism in trying to push the Port Authority into this and there is no way under which we can do what you would like to command us to do, we can't do it, and we would be back here next spring telling you that we have accomplished nothing and can accomplish nothing, and we would be back the fall after that telling you the same thing, because it's impossible.

ASSEMBLYMAN RONCO: Do you think that the creation of the Metropolitan Rapid Transit District would take the same attitude, that they would be back year after year informing us that they can do nothing?

MR. TOBIN: No. I think's that's a constructive and realistic approach.

ASSEMBLYMAN RONCO: Thank you, Director.

ASSEMBLYMAN CRABIEL: Mr. Tobin, just to clear my mind on certain key points, - I have been reading your report and listening to your talk - there is no question that,as far as the compact between the two states is concerned, the Legislatures could direct the Port Authority to do rapid transit and that that would be within their compact.

MR. TOBIN: Yes, sir. There's no question about it.

ASSEMBLYMAN CRABIEL: Number two, - there is nothing in the compact between the two states that says that the Port Authority cannot undertake a deficit operation; that is a policy of the Port Authority.

MR. TOBIN: No, sir. That is in there by implication. When the compact and the comprehensive plans say that we shall have no tax revenues which we cannot assess, and the State will not guarantee our bonds. What it means is that you can only sell a revenue bond, and you can only sell a revenue bond for self-supporting facilities. So it's in there just as if it were in in print.

ASSEMBLYMAN CRABIEL: Well, if you have a hundred million dollars in round figures, revenue, coming in from the Holland Tunnel, there is nothing to stop you from floating a million

dollar bond somewhere on some deficit and continuing to do that, other than your own rule. The bonds would still be sold, wouldn't they?

MR. TOBIN: I'm sorry, I'm not with you.

ASSEMBLYMAN CRABIEL: What I'm getting at here is, you're saying categorically that you cannot take a deficit. Now, I'm raising the point that as far as the Legislatures of the two states, when they established the compact there was nothing in the compact and nothing in the instructions from the Legislatures to the Port Authority that they could not undertake a deficit operation.

MR. TOBIN: Well, excuse me, sir. I'd say that there was. I would say that the way the statutes are phrased, it could undertake nothing except a self-supporting operation. We have no way of financing anything but a self-supporting operation.

ASSEMBLYMAN CRABIEL: Well how do you account for the fact, then, that you have operated deficit operations?

MR. TOBIN: Because the pooled revenues have been sufficient. Because we believed also, when we went into those, that they could be self-supporting and we were wrong.

ASSEMBLYMAN CRABIEL: That's what I was pointing up.

MR. TOBIN: People said we were wrong when we went into the airports and we believed that we could make those self-supporting, but we believed that we could and the Commissioners believed that we could, and we convinced the Street that we could.

ASSEMBLYMAN CRABIEL: Well now, when the Metropolitan Rapid Transit Commission was formed, and it was formed by legislation through this Legislature and the New York Legislature, there was nothing in the creation of the Transit Commission that told them that they could not come back with a plan for transit

that wasn't a deficit.

MR. TOBIN: That's right.

ASSEMBLYMAN CRABIEL: But the Port Authority put up $800,000 of this money, the substantial part of it, in fact way into the majority part of it, and they made a separate contract with the Transit Commission and one of their basic premises of that contract was that the Transit Commission could not recommend that the Port Authority be involved if it were a deficit operation. Is that right?

MR. TOBIN: No. We asked them in that memorandum of understanding to recognize that fact, and they recognized that fact.

ASSEMBLYMAN CRABIEL: Well, I think Mr. Miller, in his report, put it further. He said, and I quote from his report here, one of the specifications - that's on page 29 of Mr. Miller's report - as written into the agreement between the Metropolitan Rapid Transit and the Port of New York Authority is - and I quote - "The Port Authority is able to undertake transportation and terminal facilities which can be financed by revenue bonds only if competent estimates indicate that in the long-run they will be self-liquidating in and of themselves." My point in raising this question here is, you have stated that you have cooperated and you have made many studies, and I know that you have; but the point that I'm raising here is, perhaps we wouldn't be having this hearing now if that were not in this original compact because of the fact that it's the feeling of many that the Metropolitan Rapid Transit Commission should have been able to arrive at that decision themselves instead of having to sign a contract so that they couldn't even investigate it.

MR. TOBIN: They could, sir. They not only could have arrived at that opinion themselves, they were free to do so and in fact they studied it, as Dr. Miller's report shows. And if he came up with an opposite conclusion, there was nothing in those specifications to stop the MRTC from coming up with that conclusion. And they spent a lot of money to study it.

ASSEMBLYMAN CRABIEL: Well, we have a distinct difference of opinion there. It seems, the way that wording is, and the man that's paying the $800,000 -- but maybe we can develop that when the Transit Commission comes on.

Another question. Dr. Flink's report, on page 38, talks about this 1.3% - 1.3 times the debt service. He indicates that there are three conditions under which you can continue with new projects.

MR. TOBIN: Yes.

ASSEMBLYMAN CRABIEL: In your report, which I read over the week-end, and in your remarks here, you indicate, and you say time and time again in your printed report and you said it today here, that there is no such thing as an excess revenue for an unobligated revenue. And Dr. Flink says that there is. Now, will you clearly state what is wrong with his statement on page 38? In other words, he said that projects can be financed, particularly under Condition 3.

MR. TOBIN: No. He says, "Condition 3 appears to be the easiest condition to satisfy." He means, and I have assumed on that general condition, instead of - I have not discussed conditions 1 or 2, either, because condition 3 is the easiest one to satisfy.

ASSEMBLYMAN CRABIEL: But if you have 1.3 times your revenues, there is nothing to stop you from proceeding, as far as the bondholders are concerned, with other projects.

MR. TOBIN: If your projected maximum debt service, with that new project, - if your present net revenues amount to 1.3 of that maximum future debt service, then there is nothing.

ASSEMBLYMAN CRABIEL: Well, isn't it unfair, then, to keep saying time after time in here that you have no excess revenues and that you cannot participate in any way whatsoever --

MR. TOBIN: No.

ASSEMBLYMAN CRABIEL: -- when your admitted revenues here are projected ahead, even with your $700 million, to be clearing that present debt service.

MR. TOBIN: Well, no. What I say is correct, that it would be illegal and unconstitutional because with the transit deficit you could not conceivably satisfy that 1.3 and the bonds would be thrown back in your face.

ASSEMBLYMAN CRABIEL: That is correct, when you talk about taking over the whole transit deficit; and that's correct when you talk about directing yourself specifically to A-16.

MR. TOBIN: Yes.

ASSEMBLYMAN CRABIEL: But it isn't correct that the Port Authority does not have some excess revenues that, if the Legislatures directed the Port Authority to do something with, the Port Authority could do it and still stay within their obligations to their bondholders.

MR. TOBIN: If they could do it and stay within their obligations to their bondholders, they could do it.

ASSEMBLYMAN CRABIEL: Another question. Could you tell me

how many projects of this $700 million that's projected, have been approved by the Legislature and how many have been approved by the fact of the Governor's approving the minutes. In other words, has the Legislature approved every project, every general project? I'm not talking about a detailed project. But has the Legislature specifically approved every general project?

MR. TOBIN: Let me take those projects - Those projects are, the George Washington Bridge second deck - The Legislature specifically approved that construction. Those projects include the Narrows Bridge, and the Legislature specifically and directly approved that construction. As to the airports, the Legislature again approved. Everyone of them - I could go through the list - was specifically approved and authorized by a general bill in the Legislature. One authorized us to go forward with the second deck, another one authorized us to go forward with the Narrows Bridge, another one authorized us to go forward with the Newark Port and Airport, another one authorized the Elizabeth Port Facilities, and there was general thinking on the Brooklyn Pier. So they were all authorized. Yes, sir, they would have to be.

ASSEMBLYMAN CRABIEL: Do you think that Senate 50 or A-115 - I am asking you the same question I asked Senator Lance - Does Senate 50 or A-115 preclude the new Metropolitan Rapid Transit Commission from coming up with a plan that would include Port Authority participation in some form or another?

MR. TOBIN: It does not. Sir, you would have me back here making this same presentation. They are perfectly free to recommend it but we would have the same situation.

ASSEMBLYMAN CRABIEL: I understand that. In your report I think you put two lines in that say that the Port Authority

Commissioners favor the Metropolitan Rapid Transit bill. In all your presentation you did not comment on it at all. I was just wondering, in lieu of the fact that you're talking about deficits up to $150 million, where you think this Transit Commission is going to get any magician or magical value to be able to find this money.

MR. TOBIN: I don't think they are, sir, anymore than the City of New York or the State of New York, in the case of the Long Island, could find any magic. There is one thing, Assemblyman, that I would like to make clear. The Port Authority in its second report, the report that was presented at the meeting in the Governor's office, and I think also in the report which was presented at the meeting in May, which you attended, has very firmly said it believed that the only constructive step forward was the creation of the Transit District. And we have said it, but we were addressing ourselves here primarily to A-16 and just simply didn't repeat it. There's is no significance in that.

ASSEMBLYMAN CRABIEL: In your remarks on integration and complementation of transports, you said that you didn't think any or an appreciable amount of commuters that used your tunnels or your bridges affected the rail commuter problem. What happened to the commuters who rode the H&M? As I understand it, the H&M is down 50% or so from what it was 20 years ago or 25 years ago. The traffic pattern - what happens here? Where do those commuters now ride?

MR. TOBIN: Well, some of them come by bus and some of them, instead of riding the Hudson & Manhattan, live in New York and go out to plants in New Jersey - they don't have to work at a plant where they just go to Newark. We have a whole regional traffic pattern which is totally different.

ASSEMBLYMAN CRABIEL: Well, isn't the total commuters going into New York - the total commuters through the tunnels and everything practically the same as it was 20 years ago?

MR. TOBIN: Practically exactly the same as 30 years ago.

ASSEMBLYMAN CRABIEL: My point is that something happened to 50% of them on the Hudson & Manhattan and I'm just wondering whether the combined facilities of the Port Authority, the tunnels or the bridges, you mentioned the bus lines, whether that didn't have something to do with the plight of the railroads.

MR. TOBIN: Oh, yes. Historically I think it had a very distinct effect on those, sir. My point on integration was that you're not going to get them back - not that they didn't come from there. There was a time when there was no transportation by automobile or bus and they all came by rail. There was no commuter transportation other than by rail. Now, there is no question historically that the number has stayed the same through the years, but there is no question that 42,000 people who formerly came - or the equivalent people who formerly came in by rail are coming in by bus. What my point there was, that you weren't going to get them back.

ASSEMBLYMAN CRABIEL: One final question, then. Isn't there some logic then, at this stage of the game where we're all groping for a solution, to keep the Port Authority in to any over-all picture of rapid transit? in some form or other?

MR. TOBIN: Well, now it's a question, sir, of what you mean by "logic" in the thing. There is no economics in it. There's no possibility of financing it that way. If you say that the construction of the tunnels and bridges had an adverse effect

upon the rails, that's certainly true. But of greater truth, and a more important one, is that the development of American automobile industry has had a paralyzing effect upon passenger rail traffic. That's a fact of American economic life and you can say that there is a logic therefore why the automobile industry should be asked to pay some of the deficit of the railroads, or something like that. It hasn't very much economic realism about it, it's simply an economic fact of life, of American life, particularly as it's developing. The garage mechanic has supplanted the harness maker and in certain logic, perhaps he should support it, but it's away from reality, certainly. The basic fact, and the one that bothers you, - isn't the basis fact, when you think it all back through, the development of our great American automobile economy that has made a great change in this thing? That's the fact. And that economy - it shouldn't be apologized for. Economically, nothing has been a greater blessing to the American people.

ASSEMBLYMAN CRABIEL: Well, isn't it just as logical to ask the people in the automobiles now to assume some of the load, as it was logical to tax the railroads some years ago to assume more of the load of transportation, which they now do?

MR. TOBIN: It may be logical to ask them to do it but whether your four million automobile owners here, or motor vehicle owners here in New Jersey want to do it is another matter.

ASSEMBLYMAN CRABIEL: Very well.

CHAIRMAN KESSELHAUT: Assemblyman Franklin?

ASSEMBLYMAN FRANKLIN: Mr. Tobin, I don't want to worry this legal problem which you have discussed so thoroughly with us, about the difficulties in taking on a deficit transaction; but just directing our attention, for the moment, to the New Jersey situation

where you estimate, I think, that perhaps this year there might be A $16 million deficit, you've also suggested, I think, that your very able staff feels that if you raise the automobile tolls on the tunnels and bridges perhaps another 25¢, say to 75¢, then in that case that increase in revenues would absorb the deficit arising from the rapid transit facilities that you now foresee.

MR. TOBIN: The present deficit.

ASSEMBLYMAN FRANKLIN: The present deficit. Now, assume that you might adopt that - forgetting at the moment all matters of policy, just looking at the legalistics of it, - assume that you were able to raise the automobile tolls, for example, and perhaps find other sources of additional revenue which the Port Authority does not now have, perhaps increasing charges for some other services in other areas where that might be feasible, so that then from an over-all point of view your revenues more than take care of your debt service including the rapid transit deficit, which you would have assumed, - do you then see any legal bar to your taking over the rapid transit situation?

MR. TOBIN: You have to take the past three years and then you are entitled to take any 12 months out of those three years. So you would have to first raise the tolls to get ready for this period, and have had them raised for three years. Then if you could show at that time, you could technically could imagine the point where you could show that your net revenues, historically, were 1.3 times the maximum future debt service. The point is, sir, that then you couldn't sell a bond either because the investor has no confidence in a transit bond supported just by revenues. And I don't think they would buy a bond even from the Port Authority.

ASSEMBLYMAN FRANKLIN: Well, my question perhaps is just a little broader than that. Assume you went through the necessary preparatory steps, you did raise the tolls, you got the additional revenue which you estimated that you would need to cover the deficit - it showed very clearly and, perhaps, even gave you a surplus - could you not then sell Port Authority bonds, not as transit bonds but Port Authority bonds backed by the general revenues from all Port Authority resources; and in that case would you not then be able just as well to justify to your investing public the salability of those bonds? because the revenue picture would be just as good. And would you then have any technical legal barrier?

MR. TOBIN: Well, if you assume that you can get those tolls up high enough so that you could show that 1.3 coverage of maximum debt service. But remember, sir, that you are working against $150 million Port District deficit.

ASSEMBLYMAN FRANKLIN: Well, I just for the moment wanted to sort of limit my question to this New Jersey-New York situation, which is a bi-state situation, of course, and perhaps one of the foremost that both states face. Then, at any rate, we can set aside this legal objection, I take it, and it becomes a policy decision. Does it not?

MR. TOBIN: A policy decision that's a very real one. And I doubt, sir, that you could sell bonds. I don't think you'd have any credit because I don't think Wall Street would put money in a Port Authority bond if the Port Authority was going to become involved in rail transit. I know they wouldn't.

ASSEMBLYMAN FRANKLIN: Well then, I would like to get to the second phase of it. If we can get over the legal objection, and I gather we can --

MR. TOBIN: We can, theoretically.

ASSEMBLYMAN FRANKLIN: Right. All right. Then to turn from setting aside the legal objection, the next thing that interests me is your feeling about raising automobile tolls or finding other additional sources of revenue. I realize that it might be unpopular with automobile owners, and we undoubtedly will hear from them later, but I wondered if the Port Authority itself had any feeling about raising automobile tolls from the point of view of good, sound policy. One of the reasons I ask this question, of course, is that it has been said that automobile tolls have remained the same over a good many years, and all other costs have gone up; that the automobile owner is subsidized for free use of highways, and so on, and should contribute more. I just mention these because it seems to me there is a policy problem there and I wondered what the thinking of the Authority was on this point.

MR. TOBIN: Well, the Authority has never given much thought, sir, to the raising of tolls. It has never had to face that problem and there isn't any thinking, as such, on it. I would say that I can get to a theoretical point with you where maybe you can raise tolls to $1.00 or $1.25 or $1.50 and assume the same traffic and you get amounts of money on historic revenues which would overbalance the $150 million district deficit on transit. But it gets into the field of being unrealistic as far as really selling those bonds.

ASSEMBLYMAN FRANKLIN: Well, is it fair to say, then, Mr. Tobin, that as a matter of policy the Port Authority has not considered this question of raising automobile tolls or raising, perhaps, service charges in other areas to cover the rapid transit deficit?

MR. TOBIN: Well, we had to consider it, sir, when Dr. Flink suggested it. And we certainly did consider it at that time. So

we have considered it. We have said to you that we think it's unrealistic. And also we have said to you that as to the other facilities there is no increase in the general revenue possible because those other revenues are from a contract with Amerian Airlines for 25 years for a new terminal at New York International Airport; a contract with United for a new terminal here; A contract with Naughton-Lily for a terminal at Port Newark. And in all those fields, or in the case of the bus terminal fields, you cannot raise the revenues the way theoretically you could, by just a resolution of the Commissioners, raise tolls.

ASSEMBLYMAN FRANKLIN: Well, what I was wondering was in terms of more specific items which might be of interest perhaps to us, such as, if you did raise the tolls 25¢, how much additional revenue would you get. Would there be, do you think, a decrease in the amount of vehicular traffic using the tunnels?

MR. TOBIN: In the calculations that we made to determine that, if you were to pay a $20 million deficit, the '57 railroad deficit, you would have to raise the tolls to 75¢. We allowed in that for a 10% fall-off in traffic, which is arguable by anybody. It's just a round figure. You've got to put something in there. You are going to lose some traffic. But that estimate of 75¢ was based upon what you would need to balance the New Jersey railroad's historic - - rather 1957 deficit.

ASSEMBLYMAN FRANKLIN: Mr. Tobin, then is it the feeling of the Authority that raising the automobile tolls in that amount would provide a realistic increase in revenue that you could count upon?

MR. TOBIN: No. We don't believe it is realistic as applied to this problem because we think that if you did that in

anticipation of three years from now building an arithmetic situation from which you could theoretically cover enough future debt service to allow the absorption of a $20 million deficit, even then you would have destroyed your credit once you got into rail rapid transit in a revenue agency and that you couldn't - the whole purpose would be aborted because you couldn't borrow the money anyway.

ASSEMBLYMAN FRANKLIN: Well, the only thing that bothers me - and then I won't worry this any longer - is that if the over-all picture, if the over-all operation of the Port Authority shows an adequate or more than adequate revenue situation to cover all costs plus amortization charges, and it does so because you covered the rapid transit deficit with increased automobile tolls, why is it any different from any business corporation which may have a deficit in certain departments but over-all shows a good revenue picture and, therefore, can sell its bonds?

MR. TOBIN: Because still to sell its bonds the public has to have a confidence in that new business that the business went into and if it feels from a business standpoint that the corporation went into a new business field that's going to wreck it, it will not buy those bonds. Now, the new business that the corporation goes into may be such that it can afford to write off a million or two million dollar loss to a mistake, to a miscalculation, but I would put it this way: Let us suppose that General Motors Corporation started a new business and that business was to take over all commuter railroads of the country and to operate those railroads. I would say that General Motors' securities would be unsalable.

ASSEMBLYMAN FRANKLIN: But here, you see, the new business that it seems to me the Port Authority would be going into would

not be just a rapid transit deficit situation - and this is the question I'm really asking - the new business would be rapid transit deficit plus increased tolls on automobiles, for example.

MR. TOBIN: Well, it would be assumed in my situation as to General Motors that General Motors could raise the price of automobiles to make up the deficit for handling the country's commuter railroads. Now, General Motors can go into some new business that it may be all wrong about, but you know it is within the compassable existing power of General Motors to carry that business. But I can't give you a better example of our attempt to understand each other here, in these hypothetical cases, that my suggestion that if General Motors went into just what we're talking about, which is if they would take over the existing commuter railroads of the country, or their deficits, that I think a General Motors' bond, under those conditions, is unsalable.

ASSEMBLYMAN CRABIEL: Mr. Tobin, just one question while you are on that General Motors situation - it's not even an equal analogy because General Motors has competitors, you have a monopoly. There is no one that can get across that river except through the Port Authority or through the rails. And General Motors would have bad bonds because Ford and Chrysler and some of these other places would keep selling cars, but I don't think that's an analogy at all here.

MR. TOBIN: Well, Mr. Assemblyman, I think if the Port Authority tried to act like a monopoly with respect to the charges for its services across the Hudson River, you would very soon have me down here on the carpet - the Governor would probably have me ahead of you - but you would have us here very, very fast, and very properly, if you felt that we were saying that we have a monopoly

of the crossings and we would do what we pleased about it.

CHAIRMAN KESSELHAUT: Assemblyman Wilson, I believe has a question.

ASSEMBLYMAN WILSON: I am Assemblyman Wilson from Union County. I would like to question Mr. Tobin further when I have completely digested this report. In the meantime, Mr. Tobin, I would like to ask you just two questions. One is, do you believe that perhaps another agency should be established, one which will perhaps take over all road facilities, including the tunnels and bridges which you now have, and Metropolitan Rapid Transit, and leave the Port of New York Authority to the Port to the Maritime Department and to the Airports. Do you think such a thing is feasible as a possible solution to this problem?

MR. TOBIN: This new agency, sir, would take over all --

ASSEMBLYMAN WILSON: All of your road transportation.

MR. TOBIN: -- road transportation --

ASSEMBLYMAN WILSON: Including your tunnels and bridges. And leave you the Port, the Maritime Department, and your air facilities.

MR. TOBIN: Do I think it's a good thing? No, I don't think it's a good thing. And I think that you would seriously cripple the power of the Authority to go forward with a constructive Port program in the field which we are talking about. It is true that they are all on a self-supporting basis but very probably it's a very thin thing, and the strength in back of those facilities are the tunnels and bridges. And also, if in your question - did your question assume that this second agency would include the rails too? The rapid highways and rails?

ASSEMBLYMAN WILSON: That's right.

MR. TOBIN: Well, I have been developing here the point that I wouldn't think that that agency could pay its way at all. So I think what you would end up doing is rather hobbling and crippling the Port Authority to have a new agency that was going to be faced with heavy deficits.

ASSEMBLYMAN WILSON: Well, my point in asking that question was the fact that we might get an agency that would perhaps meet the legislatures of both states halfway, and get into this problem, because it seems to be the concensus of opinion that the legislature here, at least, agrees that this job should be done by the Port as the only agency equipped to do it.

Now, my second question is, in your statement this morning you have in fact stated that perhaps our information, given by the Committee's Economic Adviser, has perhaps been incorrect by a tremendous margin. I don't know the source of your facts but I have received a copy of --

MR. TOBIN: His latest report, sir.

ASSEMBLYMAN WILSON: Oh, yes. I said, I don't know the source of your facts but I have received a letter, over your signature, on another subject, which I won't go into, and that letter which also contains facts as to why another project was not feasible and, in effect, was therefore ridiculous, - in that letter, Mr. Tobin, there were 13 mistakes, and I would just like to know if it isn't possible that some place in all your figures this morning you haven't made another error or possible mistake?

MR. TOBIN: Oh, I have no doubt that somewhere along the line this morning I made a mistake. You've given me no opportunity to go over my letter that you say there are 13 mistakes in but I would like to go over it with you any time. And I would be quite

embarrassed if there were 13 mistakes in it. I hope there were not. If it's about the Upper Bay Bridge, I don't think I made 13 mistakes about that.

ASSEMBLYMAN WILSON: Thirteen errors of fact, Mr. Tobin, in this letter, starting with the initial page.

MR. TOBIN: Well, maybe Mr. Henry Smith says there are 13 errors in fact but I would like to go over it with you myself.

ASSEMBLYMAN WILSON: Some of these facts are substantiated by original reports.

CHAIRMAN KESSELHAUT: Well, let's get back to the question at hand here.

ASSEMBLYMAN WILSON: Excuse me, Mr. Chairman. That was my final question but I don't want to go into that matter right now.

CHAIRMAN KESSELHAUT: Assemblyman Bowkley, I believe has a question.

ASSEMBLYMAN BOWKLEY: Mr. Tobin, I've heard mentioned here a deficit of $150 million; I have heard mentioned a deficit of $16 million; the report of Dr. Flink states that the Commission's estimated deficit is $13 million; that the Port Authority's initial estimates of deficit operation was $20 million. Now, I would like to find out for my own knowledge just what the anticipated annual deficit might be in the judgment of the Port Authority?

MR. TOBIN: Most of them are different deficits and different things. To go along with them, the Metropolitan Rapid Transit District estimated that with the construction of a $500 million loop system they could operate that system and also take over the debts or the operations of the commuter railroads and have a deficit of $13 million. That's just the New Jersey segment. That's

the New Jersey operation. Another figure that I was using, and which I say can be completely substantiated, is that the actual commuter railroad deficit in New Jersey alone for 1957 was $20 million. Another figure, at which I guessed a bit, I think that this '58 figure would be about $16 million. The other figure of $150 million is the very demonstrable transit deficit for the Port District, which is the District in which the Port Authority is responsible for carrying out its Port development work. And that deficit is composed of ten or fifteen million dollars for the New York Central, New Haven, Long Island, and the Staten Island system, - it's composed of that ten or fifteen; it's composed of $83 million annual capital deficit of the New York City Subway System, including $20 million of New York City Subway System current operating deficits and including a $20 million deficit of the New Jersey commuter railroads; and that total is about $150 million.

ASSEMBLYMAN BOWKLEY: I was wondering, in the report of Dr. Flink which I read over the week-end, and part of the report of the Port of New York, - I don't see any definite recommendation that the New York Subway System become a part of this Metropolitan Rapid Transit District, other than an integration basis only.

MR. TOBIN: Well, this is a bi-state bill, sir, and the Port Authority's jurisdiction is bi-state. The City of New York at the present time is urging the Port Authority to take over a part of its transit deficit, the $6 million Staten Island Ferry System. I simply say that the Port Authority, under this bi-state bill, and operating the only way it can operate cannot say, and New York is not going to permit it to say that we will concern ourselves only with the New Jersey side of the deficit. New York is carrying a basket of those itself. And if we're to be in it,

the only possible way we can be in it is on a bi-state basis. There is no other possible way.

ASSEMBLYMAN BOWKLEY: Now, you indicated earlier, in answer to Assemblyman Franklin's question, that you estimated a fall-off of about 10% in vehicular traffic in the event of a toll increase.

MR. TOBIN: That particular one.

ASSEMBLYMAN BOWKLEY: Where do you feel then, in your judgment, this 10% would go? I mean, would that be lost entirely or would it go to rail?

MR. TOBIN: I don't think it would go to rail. I think it's the fellow who will think twice before taking his family out on Sunday and paying $1.50 instead of $1.00 to go back and forth to wherever he was going. I think there's a lot of it in that, a fellow who can make a choice and a decision. It might come in increasing pressure on the fellow who has to go out of New York to work at Mahwah in the Ford plant. Maybe he feels that he can afford to pay or go with himself and his friends and pay a dollar round trip every day to get out to the plant and he would think hard about whether or not he just didn't have to find two or three other fellows to go along with him and help make up the $1.50 tab. It's all that type of things. I think, in other words, it's traffic that would disappear. There is nothing in this theory that traffic would go to the railroads, nothing.

ASSEMBLYMAN BOWKLEY: In the planning of the Port of New York Authority, to your knowledge was any thought given to the inclusion of providing rail facilities on any of these cross river crossings, such as the proposed Narrows Bridge, the Lincoln Tunnel Third Tube, and so on?

MR. TOBIN: No. In planning the Port Authority there was

no consideration given that. There was, as a matter of fact, not one bit of consideration given to the Port Authority ever getting into the passenger railroads, not a bit. You can go through the 300 page report that preceded the organization of the Port Authority and you will never find a passenger rail operation mentioned once. It's full of freight rail operation.

ASSEMBLYMAN BOWKLEY: Well, I am not referring to the Port Authority actively engaging in the transfer or passage of either passengers or freight but merely providing facilities which could be on a toll basis.

MR. TOBIN: It was considered in the planning of the George Washington Bridge, and actually the George Washington Bridge was constructed so that in the future you could build, as you are building now, a second deck. And the openings in the towers were made large enough that rail trains could go through there if - that was 30 years ago, looking forward, - if the transportation technology of the country was such that that were required at the time. It turns out that it's not. The Port Authority also spent a lot of time, years, as a matter of fact, in studying and working on the possibility of a trans-bay freight tunnel from Greenville in southern Jersey City over to Bay Ridge, and we worked with the railroads for years and years on that and it never could be brought to the point of self-support because obviously it was only the railroads that could pay for it and their condition was not such that they felt at any time that they could go ahead. That was extensively studied.

ASSEMBLYMAN BOWKLEY: Well then, there has been some thought given by the Authority to the interchange of traffic, passenger and freight, by rail.

MR. TOBIN: Yes, sir, in the sense that I have reviewed.

ASSEMBLYMAN BOWKLEY: No further questions.

CHAIRMAN KESSELHAUT: Mr. Tobin, I have one question. What do you and the Commissioners now concede the role of the Port Authority to be, in the role of participation toward the solution of the rapid transit problem?

MR. TOBIN: I think the Port Authority has done everything that it can do to help try to find a solution to this problem. I think there is no agency that has worked harder on it. I know that. I did not orally review the record of our studies on that but they are in our report. Thirty years of hard costly studies of this problem. And I don't think there is any agency that has done as much as that, ending finally with the support of the study by the MRTC to the extent of $800,000. I think that we have, Mr. Chairman, contributed everything that an agency could contribute and we have nothing more to contribute to this problem.

ASSEMBLYMAN FRANKLIN: Mr. Tobin, in looking at the transit situation in the area as a whole, I think you have the feeling that perhaps if you considered the New Jersey-New York transit situation we should include the New Haven Railroad as a possible area to be covered by the Port Authority, and also the New York Subway Transit System. And I just wondered if you would comment a little more on both those aspects because I always thought the New Haven was a Connecticut-New York transit facility and therefore would lie outside the present jurisdiction of the Port Authority as a bi-state New Jersey-New York authority. Perhaps this is wrong, but just as a layman I had the feeling that the New York Subway System was an internal intra problem within the State of New York. Perhaps an analgous system in New Jersey might be the Public Service Bus System. And I just wondered whether those were really areas that the Port Authority would become involved in and whether those were deficits the Port Authority would have to consider if it took up

New Jersey-New York rapid transit.

MR. TOBIN: Well, as to the first point, the Port Authority is, of course, only a bi-state organization. I discussed the tri-state phase of it because your Consultant suggested, in his last report, that this whole problem should be approached on a tri-state basis and by the Port Authority. That would require amendment to the compact between New York-New Jersey in Connecticut and could be done that way. And that is a realistic deficit where the railroad can say, "We're going to have to stop and you've got to handle it." And there is the same public concern about that in New York as there is about the rails here.

Now, as to the City Subway System, remember in Dr. Flink's first report before you he suggested that as part of this job we ought to build a new subway between Newark and Elizabeth, running north. And we didn't think that we should. And we argued that we shouldn't, but certainly his thinking throughout this has been intra-state as well as inter-state and tri-state. So I have addressed myself to the general fields of operation that he outlined, including its intra-state rails as well as its inter-state tracks.

ASSEMBLYMAN FRANKLIN: Well, is it the feeling of the Commission that to adopt some sort of inter-state subway facility such as that or perhaps the facility that was recommended by the Metropolitan Rapid Transit System must logically and inevitably lead to taking over the New York Subway Transit System itself by the Authority?

MR. TOBIN: By the Authority?

ASSEMBLYMAN FRANKLIN: Or whatever Authority was in charge.

MR. TOBIN: Well, the things become very closely enmeshed

typically in the plan of the Dr. Page formula. It certainly would involve a system that included parts, and great big parts of the New York City Subway System. In order to construct the type of good rail service facility that he was talking about, you would have to work out an operation in which there was a tremendous participation by the City of New York with the new Transit District in the New York City Subway operation. So, as you move along, sir, these things are intertwined, they do become enmeshed one with the other.

CHAIRMAN KESSELHAUT: Any further questions?

ASSEMBLYMAN BOWKLEY: One point, Mr. Tobin, I would like to have definitely clarified and that is this: It has been admitted by all concerned that this operation will be a deficit operation. There is no question about that. And I believe you have admitted that the river crossings provide the major source of revenue to the Port of New York Authority, in view of dollars. Now, specifically as concerns the proposed Narrows Bridge, can you tell this Committee, if you know, when that facility is expected to become self-supporting after allowing for debt service, construction cost, and so on?

MR. TOBIN: Well, under the arrangements between the Tri-Boro and the Port Authority, we are to finance it and build it and then the Tri-Boro leases it and pays us a rental that's equivalent to debt service, and then in 1968 takes over the -- must retire our bonds issued for Narrows Bridge purposes or give us a sum sufficient to retire those bonds and then takes over itself. The Narrows Bridge is a very thin revenue facility. It would start, according to estimates, at about 15 million vehicles, and the general estimates are that it would not become self-supporting for a period of, oh, 20 years.

ASSEMBLYMAN BOWKLEY: Following that line of reasoning, isn't it logical to expect, since we are faced with a deficit operation in respect to rapid transit, that the existing facilities of the Port Authority could not be used ultimately to subsidize this rapid transit facility which is admittedly going to be run at a deficit.

MR. TOBIN: That is our position here.

ASSEMBLYMAN BOWKLEY: Rather than call upon the communities themselves to subsidize it, which has been projected by the Metropolitan Rapid Transit Commission. In other words, you feel that the subsidy should come from the communities of all, the counties of all, rather than from the Port of New York Authority.

MR. TOBIN: I don't think that it's the Port Authority's position to function and I think we would be out of order to advise the Legislature as to how they should approach the problem of these deficits. All I can tell the Legislature is what would happen to the work that they initiated 37 years ago in the over-all development of the Port if an attempt were made to dump this in the lap of the Port Authority. And I said that that work comes to an end and so does the transit work.

ASSEMBLYMAN BOWKLEY: Well you said earlier that you favored the creation of the Metropolitan Rapid Transit Commission and you said earlier, also, that this was going to be a deficit operation and the only people that would make up the deficit would be the communities and the counties involved. Now, it seems to me that it's logical to assume, since the Port of New York ultimately will have profit-making facilities available to them, that they can incorporate within their activities a deficit operation which would not over-all cost the taxpayers any additional money.

MR. TOBIN: It depends, sir, on the size of the deficit and what happens to the whole financial structure when you attempt to incorporate it. The deficit from two truck terminals of $200,000 a year is encompassable and not dangerous; it can be handled and it is being handled. But a deficit such as we're talking about here and such as we have to talk about on both sides of the river for this bi-state agency is one which simply winds up the agency and doesn't accomplish what you set out to accomplish in the first place.

ASSEMBLYMAN BOWKLEY: Well, your Metropolitan Rapid Transit Commission would be a bi-state agency also.

MR. TOBIN: Yes. It would have to be subsidized.

ASSEMBLYMAN BOWKLEY: Yes, definitely. No further questions.

CHAIRMAN KESSELHAUT: I would like to file now the statement of the New Jersey State Chamber of Commerce; telegram of the Department of New Jersey Reserve Officers Association of the United States; a letter from Mayor John L. Brennan of Cranford; a letter and a resolution of the Planning Board of the Township of Millburn.

The Committees will now adjourn for lunch until 1:30.

We realize that everyone here is very busy, elected officials and so on, and there may be some of you who have prepared statements that you would want to file with the Committee in lieu of your oral presentation. If you have to leave, we would be happy to accept them at this time. Otherwise, we will adjourn until 1:30.

I would ask also that those who have not signed in please do so, so that we can proceed with order.

(Adjourned for lunch)

AFTERNOON SESSION

CHAIRMAN CRABIEL: The hearing will come to order. Because of the fact that this is a joint hearing of the two committees in the Assembly, we are also rotating the chairmanships and I will preside this afternoon at this session.

At the start of the session I want to put into the record a statement from the Planning Board of the Township of Millburn, signed by Mr. Clark, and a statement on Senate Bill 50 by Mr. Howard W. Van Ness, Vice-Chairman of the Monmouth County Planning Board.

The first speaker of the afternoon session will be Mr. Morris Pesin of the Jersey City Merchants Council. Mr. Pesin.

MR. MORRIS PESIN: Assemblyman Crabiel, Assemblyman Kesselhaut and other members of the Joint Committee: Inasmuch as we have many people here today, I think it is only fair that we limit ourselves to about ten or twelve minutes.

For a year and a half, the Jersey City Merchants Council, as a public service, has carried on the fight against the Metropolitan Rapid Transit Commission loop and the Transit District.

This is the sixth hearing we have attended, and we hope the last. At all these hearings and in our various reports addressed to the legislators, we have stressed that the loop recommended by the MRTC is a noose around the neck of Jersey City in particular and Hudson and Essex County in general because of the physical aspects of the plan. We have maintained that the loop and now the proposed Transit District, which are inseparable, place an unfair and tremendous burden upon ten counties of New

Jersey and dozens of municipalities without their consent and for no value received. We have also maintained that there is a definite transit solution, inexpensive, non-burdensome, non-destructive and simple - but outside of the MRTC plan.

We urge this joint committee to recommend to the General Assembly the defeat of the Jones Bill S50 and A115 for the following reasons:

Point one. The Transit District will merely be the MRTC under another name. The recommended loop plan of the MRTC with its physical and financial program and the proposed Transit District are inseparable. We challenge the claim of the MRTC and the Governor that S50 is not committed to any plan or financing.

The bill advises the board of directors "on the preparation of a plan to consider the report, recommendations and existing documents of the MRTC." (lines 142-144, page 9 of the S50 bill)

This clause is a definite instruction to the proposed District to follow its recommendations. If their plan is not to be considered, then what plan can the proposed District without money, time or experts, come up with that three years of study and $1,000,000 of funds have not already devised?

As further proof that the recommendations of the MRTC are expected to be adopted by the District, the ten counties listed in the Page report which are to pay two-thirds of the minimum $12,000,000 annual deficit are the very same counties which are listed in the Jones Bill with their representation. If the MRTC is right in its contention that the District is not committed to a plan or its financing, why are not the eleven

counties of New Jersey given representation? The answer is that the ten counties listed are the counties that are going to be asked to finance the deficit.

Point two. The control of the District is undemocratic. The first impression given by the bill is that the 32 representatives of the District will really control the plan and its financing. This is not so. They are merely the figureheads. The real power is in the hands of the seven-man board of directors. Lines 79 to 81, page 7, of S50 state that the Council of 32 members will appoint six directors and a chairman who will constitute the Board of Directors who shall:

a. Appoint an executive director and other officers and employees.

b. Let and execute contracts to carry out the powers of the District.

c. The Board of Directors with the approval of the Council shall adopt a general plan in accordance with the provisions of section 3:13 of the compact. In other words, gentlemen, the council will be a rubber stamp.

d. Section 3:13 of the General Plan shall set forth such projects as the District may propose and methods of financing.

In other words, the seven members of the Board of Directors are the real power. New Jersey may have only three members on the board, if the chairman is a New Yorker, which may very well mean that New York, paying only one-third of the deficit, could very well control the District.

The claim of the MRTC that the Legislature still has to approve the plan is specious since the counties which are least

concerned and have the smallest burden or none at all may very well outvote the larger counties. Proof of this is that seven of the eleven votes for the Jones Bill in the Senate came from non-burdened counties.

Point three. The representation in the District is disproportionate to the population and the tax burden. Last March 1st in our report to the Legislature, we pointed out that New York City, with a $3,000,000 tax burden, had 14 representatives on the District, while Essex and Hudson and Bergen, with a combined deficit of $5,000,000 had only six members. In New Jersey, Somerset, Passaic, Morris, Monmouth, Middlesex and Mercer Counties, with $1,990,000 tax and 16,000 rail commuters, had eight votes compared to six votes for Bergen, Essex and Hudson with 42,000 commuters and $5,000,000 tax. Can you gentlemen see this is an equitable or democratic representation?

Senator Dumont was right when he said that New York will run the show and that he sympathizes with Hudson and Essex.

It won't be the only time that we have been under the domination of New York, even to the outrageous situation that we are to pay two-thirds of the deficit of $12,000,000 while our citizens get rapid transit into New York to be taxed for the privilege of working in that city.

Point four. To set up a Transit District is to put the caboose before the engine. Spokesmen for the MRTC have stated that we should create the District first and work out the details later. This is not only ridiculous, but dangerous. Only when the physical and financial plan is acceptable to all

the counties and municipalities concerned, then and only then should we determine what type of authority should put the same into effect. To create a District which can only come up with the same financing and the same plan as the MRTC is pure duplication of effort and makes no sense. We don't want another Boston Tea Party in New Jersey where the District is going to impose a plan and tax burden on the counties and municipalities without their consent. This would be tantamount to modern-day tyranny.

Point five. The loop is a noose around the neck of Jersey City in particular and Hudson and Essex Counties in general. The physical aspects of the recommended plan take place essentially in Jersey City and Hudson County. Hudson is the only county in New Jersey which is declining in population. The State of New Jersey should not, by this loop, permit the hastening of this decline by the creation of serious economic problems there. The loop plan with its underpasses and by-passes of the major business centers at Journal Square and Downtown Jersey City, and the threat to the continued existence of the Hudson and Manhattan Railroad by the relegation of that railroad to a minor status in the loop and the establishment of five competitive and diversive stations, mean the economic destruction of Jersey City. Herman Stichman, trustee of the H & M Railroad, has stated that the recommended loop of the MRTC means the end of his railroad. A threat to its existence is a threat to Hudson and Essex Counties which contain one-third of the population of New Jersey as against 50,000 commuters or one per cent of our population. Weigh the equities and you will understand why the Jersey City

Merchants Council has led the opposition to the loop and District for a year and a half.

Point six. There is a solution to this problem which can be realized, but outside of the MRTC plan. Many proponents and opponents of the loop and the District have failed to see that there is a simple solution other than the costly, by-passing, deficit-ridden, burdensome loop plan, and that is, a plan to connect the railroads of New Jersey into the existing facilities of the H & M Railroad and the elimination of the costly and obsolete ferries.

And this can be done by compelling the Port of New York Authority, by passage of the Musto Bill, to undertake the above solution by fulfilling its legal obligations. It has the experience and manpower. Its refusal to undertake the problem must not be accepted.

The Port Authority has refused to undertake the transit problem because of the deficit involved, but this refusal is based upon the MRTC plan. What of a non-deficit solution outside the MRTC plan, as we suggest? Should not the Port Authority be instructed to look into its possibilities? By accepting this, they themselves don't have to undertake the ultimate plan; but, at least, let them look and study the problem in the beginning to do it the cheapest way and then we will decide later on if they have to take it or not.

We urge the immediate liquidation and the dissolution of the MRTC and the return of $134,000 remaining in the treasury to the State of New Jersey. The MRTC completed its work last January with the issuance of its final report. Since that

time its personnel have engaged in a campaign of propaganda for the acceptance of its report. These activities are beyond the scope of the legislation creating the commission. It is not fitting for the MRTC personnel, whose salaries are paid in part by the Port of New York Authority, to defend the Port Authority for its refusal to accept a solution of the transit problem. And I say that the best investment that the Port Authority ever made of $800,000 was to give it to another group to take off its shoulders the problem which is rightfully theirs and this was the greatest diversionary tax ever maneuvered in New Jersey.

In conclusion, we say to the commuters present here, and I think there are several commuters' groups that were supposed to be here, that if they seek an MRTC or District solution, they will have no solution because the non-rail users will not be taxed to subsidize the rail users. I don't think these commuters want charity. They want a solution and we have to give it to them. We invite them to join us and ask for some solution, a non-deficit solution, under the guidance of the Port of New York Authority.

We ask this joint committee to assume the leadership in solving the transit problem by their recommending the defeat of S50 and A115 and the passage of the Musto Bill. In this way, no one will be hurt or burdened, and the commuters will receive due consideration.

We thank this committee and the General Assembly for their courteous treatment and patience in hearing our side of the story. Thank you.

CHAIRMAN CRABIEL: Just a moment, Mr. Pesin. Are there any

any questions? (No response.) Very well, that's all. Thank you.

We will hear from Mr. Augustus Dreier, attorney or counsel for the Inter-Municipal Group.

MR. AUGUSTUS DREIER: Mr. Chairman, I have placed on your desk copies of my statement. I have additional copies of the statement here for anyone who so desires.

I appear at this hearing on behalf of the Inter-Municipal Group for Better Rail Service which is the official representative on rail service for seventeen municipalities in Union, Somerset and Middlesex Counties as follows: Elizabeth, Roselle Park, Roselle, Cranford, Gardwood, Westfield, Fanwood, Scotch Plains, Watchung, North Plainfield, Plainfield, Dunellen, Green Brook, Middlesex, Bound Brook, Somerville and Raritan. The Group was formed on December 21, 1945 for the purpose of assisting in the finding of the solution to the problem of mass transportation at reasonable rates in the New York Metropolitan area. Early in 1946 the Group concluded that one of the keys to the long range solution of the problem was the consolidation of the wasteful and expensive duplicating terminal facilities of the competing railroads.

It is at this time unnecessary to go into detail regarding the seriousness of the rapidly deteriorating rail transit in the Metopolitan area. Your Committees, as well as the public generally, are aware of this fact. The question confronting the Assembly is whether the solution is to be found through the adoption of:

(1) The M.R.T.C. proposal in the form of Senate Bill 50 and Assembly Bill 115 which will relieve the existing, legally constituted and experienced Port Authority of its obligation

and duty while at the same time create a new authority to do that which the existing authority has, because of lack of direction by the States of New Jersey and New York, failed to do; or

(2) The simplest, lowest cost and most expeditious method proposed in Assembly Bill 16 which directs the Port Authority to do the job for which it was created.

The States of New Jersey and New York created the Metropolitan Rapid Transit Commission to study present and prospective rapid transit needs of the New York - New Jersey Metropolitan area and develop, recommend and report as soon as possible measures for meeting such needs . The Commission has completed its study at a cost of more than $1.25 million of which $800,000.00 was contributed by the Port of New York Authority. These studies resulted in a recommended physical plan. It is true that Senate Bill 50 and Assembly Bill 115 which were drawn by the M.R.T.C. do not in themselves set forth a particular plan or solution. They merely create a new authority to make further studies and which in turn will recommend its findings for adoption - to do the same thing for which the M.R.T.C. was created. How many more millions of dollars must be spent on studies before action is had? Must we wait until there is a complete secession of rapid transit operations? Further delay will not solve the problem.

Our Group does not recommend any specific physical plan. It suggests that consideration be given to the recommendations of the M.R.T.C. in this respect. We do, however, strongly recommend that the State of New Jersey direct the Port Authority, as provided for in Assembly Bill 16, to do the job

for which it was legally constituted and for which it is eminently qualified. We feel that the creation of a new authority as suggested by the M. R. T. C. proposed legislation to further study the problem is unwarranted.

It has been stated that the opposition to 350 is based on either misunderstanding or misinformation as to the contents of the Bill or the failure to give due weight to the long range aspects of the public interest in the Metropolitan area. Further, it is said that opposition is based on the claim that the Act approves the so-called Page Plan and that it approves a specific financial plan burdening individual municipalities. This is not so. We know what is contained in the proposed legislation and we also know that the intent thereof is for the adoption by the proposed new authority of the recommended physical plan of the M. R. T. C. We further know, as does everyone, that the M. R. T. C. plan of operation will result in deficits. The M. R. T. C. has not come up with a method of underwriting these deficits other than by taxation on the real estate of the area. We must, therefore, proceed on the assumption that a new authority if created, will follow the recommendations of the M. R. T. C. We know that the district plan has failed in the Boston Metropolitan area where its failure has resulted in almost complete diversion of commuter traffic to rubber. A repetition thereof in our area would result in the intolerable condition as was so aptly stated by Mr. Frank H. Simon, Executive Director of the M. R. T. C. on November 18, 1958:

> "And yet rail transit is our most efficient means of moving people. One lane of automobiles can carry about 2,500 people per hour, one lane of buses can carry from 9,000 to 12,000 people per hour, whereas one lane of rail transit can carry up to 60,000 people per hour. If the New Jersey railroad commuter service were allowed to disappear we would have to build ten new Hudson River crossings, untold miles of new approach highways and 250 acres of parking space in Manhattan. Failing that, we wouldn't be able to move on the existing highways. The cost would be appalling and the effects would be staggering."

It is important to remember that the solution to the problem must be arrived at bearing in mind not only the commuter, but also the economic welfare of the community and the taxpayer generally.

Unless a solution is soon found the costly and intolerable commuter travel will lead to the loss of commuters who represent 8% of New Jersey's labor force. According to the M. R. T. C., the income of these commuters is $2.25 billion annually, the bulk of which is spent in our local communities. This spending by the commuters generates employment to hundreds of thousands gainfully employed in New Jersey. We cannot afford to permit the discontinuance of commutation service with the resultant loss of this income to our State. More important, however, is the effect on real estate taxes if the M. R. T. C. district plan becomes a reality. The M. R. T. C. estimates an annual deficit of $12 million, while the existing and experienced Port Authority estimates a deficit of at least $20 million. The district plan would require that this deficit be paid by ten New Jersey counties and three New York counties. The New Jersey counties' share will be 65% of the total. In the municipalities represented by our Group and using the $12 million deficit the result would be a minimum increase of from 7.2 tax points to 18 tax points annually, while using the $20 million Port Authority deficit figure the result would be an increase from 11.9 tax points to 30 tax points annually. So as not to burden you with statistics I will not read the effect of the M. R. T. C. District Plan on local tax rates in the various communities in the ten counties affected but instead I am attaching to this statement for your later review two exhibits. Exhibit #1 gives this information for the seventeen communities comprising our Group. Exhibit #2

gives the maximum and minimum deficit allocations, as well as an intermediate deficit allocation by county. You will note that the increase in local taxes ranges from 3.5 tax points for Millstone in Somerset County (which probably has no commuters) to 47.9 tax points for Rockleigh in Bergen County. On the basis of the existing, experienced Port Authority the range is 5.8 to 79.8 tax points, respectively.

It is easy for those sponsoring S50 to say that by the creation of the new transit authority the taxpayers will not be saddled with additional taxes because the passage of this Bill does not put into operation a specific plan. Nevertheless, a realistic view leads to the conclusion that the new transit authority will follow the recommendations of the M. R. T. C. unless their studies are worthless.

We cannot understand the adamant and obstinate position of the Port of New York Authority in this matter, so steadfastly supported by the members of the M. R. T. C. Every conceivable excuse for not assuming its rightful obligation in this matter is put forth by the opponents of Assembly Bill 16. We believe, however, that the Port Authority was created not only to handle the terminal facilities for traffic on rubber and water, but also and specifically on rail. We have seen the Port Authority expand its operations to air traffic and to the building and operation of a bus terminal, a truck terminal, a hotel, a grain warehouse and grain elevators. Who can say that these latter operations were within the scope of the legislation creating this Authority?

The Commissioners of the Port Authority and its Executive Director find fault with practically every statement made by those who feel that the obligation of solving this problem belongs to them. Are their statements to be taken with-

out question? Is it possibly conceivable that the Port Authority can be in error? Bear in mind that the Port Authority contributed $800,000 to the M. R. T. C. for its use in making the studies recently concluded. On April 7, 1954 Austin J. Tobin, Executive Director of the Port Authority at a hearing before the New Jersey Senate Committee on Federal and Interstate Relations said in part:

> "Needless to say he (Senator Forbes) did not discuss his solution with the Port Authority. Had he done so, we would have advised him, as we must advise this Committee today, that the Port Authority has no power to use its funds to pay the expenses of the Metropolitan Rapid Transit Commission. The purposes for which the Port Authority is permitted to spend its revenues and reserves are expressly limited by statutory agreements between the two states and by contracts with its bond holders. Such limited purposes do not include the financing of other state or bi-state agencies."

Was Mr. Tobin wrong on April 7, 1954 or was he wrong on January 4, 1955 when the Port Authority and the M. R. T. C. entered its Memorandum of Understanding as the result of which the $800,000.00 of Port Authority money was used by the M. R. T. C. in their studies? If the Port Authority was wrong in spending $800,000.00 and according to Mr. Tobin's statement of April 7, 1954 this is the fact, is there any reason why we cannot believe that the Port Authority is wrong in their present stand?

The Port of New York Authority is the creature of the two states. The time has come for the Port Authority to be compelled by direction from the Legislatures of the two states to undertake its obligation of solving the rail transportation problem in the New York - Northern New Jersey area by immediately taking steps to continue all existing rail and ferry services and after providing therefor to develop, construct and operate a modern rail rapid transit system.

We must have an integrated transportation system of which rail rapid transit is a part. We cannot have a new authority which will be in competition with the Port Authority at the taxpayers' expense.

The Port Authority has built up a reserve of about 400 million dollars and last year had a net annual revenue of $34.2 million. Its net earnings are substantially larger than the projected transit deficit. The Port Authority can well undertake to do this job using its present income to absorb the anticipated deficit. But, if it should need additional funds, they can be obtained through the simple expediency of increasing the tolls charged to the automobile users of its present facilities as well as renegotiating its charges at the termination of existing agreements with the users of its other facilities. The Port Authority throws up its hands in horror at the thought of increasing the toll to the users of its tunnels and bridges. Can anyone deny that it is more reasonable to charge a toll to the users of an auto tunnel or bridge to make up, in part, the loss on the rail operation which he prefers not to use than to charge him a toll to help cover the deficit on an airport which offers no alternative to his travel from home to work via the George Washington Bridge, Holland Tunnel or other facility? The Port Authority seems to favor the creation of the new authority. Does it not have any concern for the taxpayer knowing the additional burden that real estate will bear?

I have tried to set forth as briefly as possible the facts developed by our Group. You have from time to time received from us our views on this subject. We have just recently prepared and distributed a booklet entitled "Do you want a 10% increase in your County taxes?" Additional facts on the subject are contained therein and if you have not as yet read this booklet, I urge your so

doing. Additional copies of this booklet are available to anyone who may desire a copy.

It is absolutely essential that the Assembly take a positive stand on this most important problem and that you direct the Port Authority to assume its rightful obligation by the passage of Assembly Bill 16. I am sure that if this action is taken by the Assembly that the Senate will concur and that the Governor will sign the legislation. I am also confident that if this action is taken the State of New York will follow suit at the coming session of its Legislature and that as the result the Port Authority will, in pursuance to such direction, immediately undertake the task of continuing present rail transit, improving the same and ultimately as it has done with all of its other undertakings, make it a revenue producing facility.

Exhibit #1

Affect on local tax rates (in addition to relieving Port Authority of its legal responsibility and creating a new authority to solve the mass transportation problem on a competitive instead of complimentary basis) of passage of PA-MRTC sponsored Bills S 50 and A 115.

Inter-Municipal Group Municipalities	1957 Report of N. J. Division of Local Government			Minimum Annual Deficit Allocation		
				MRTC Estimate		PA Estimate
	Tax Levy 1	Tax Rate 2	Tax Point 3 (1÷2×100)	Amount 4	Tax Points 5 (4÷3)	Tax Points 6 (5÷0.6)
Bound Brook(Somerset)	$ 871,461	$10.27	$ 849.	$ 8,820.	10.4	17.3
Greenbrook "	335,643	10.14	331.	4,200.	12.7	21.2
North Plainfield"	1,518,405	9.88	1,537.	14,420.	9.4	15.7
Raritan "	439,448	11.66	377.	5,040.	13.4	22.3
Somerville "	1,213,426	10.23	1,186.	11,060.	9.3	15.5
Watchung "	373,953	13.34	280.	5,040.	18.0	30.0
Cranford (Union)	2,304,898	6.97	3,307.	35,100.	10.6	17.7
Elizabeth "	12,127,617	7.95	15,255.	109,200.	7.2	11.9
Fanwood "	714,791	7.25	986.	9,750.	9.9	16.5
Garwood "	553,541	8.38	661.	7,800.	11.8	19.7
Plainfield "	5,987,840	7.78	7,696.	60,450.	7.8	13.1
Roselle "	2,074,472	8.18	2,536.	23,400.	9.2	15.3
Roselle Park "	1,166,500	7.34	1,589.	15,600.	9.8	16.3
Scotch Plains "	1,641,422	7.01	2,342.	25,350.	10.8	18.0
Westfield "	4,165,348	7.79	5,347.	52,650.	9.8	16.3
Dunellen (Middlesex)	699,004	11.57	604.	6,300.	10.4	17.3
Middlesex "	929,417	10.65	873	10,500.	12.0	20.0
Suburban communities west of the Hudson River, including the above				$ 8,130,000.		$13,550,000.
New York City				3,870,000.		6,450,000.
Total deficit allocation				$12,000,000.		$20,000,000.

Exhibit #2

Municipalities with maximum, intermediate and minimum deficit allocations by Counties	1957 Report of N. J. Division of Local Government Tax Levy 1	Tax Rate 2	Tax Point 3 (1÷2÷100)	Minimum Annual Deficit Allocation MRTC Estimate Amount 4	Tax Points 5 (4÷3)	PA Estimate Tax Points 6 (5÷0.6)
Bergen-Teaneck	$ 5,476,780.	$ 9.29	$ 5,895.	$138,000.	23.4	39.0
Woodcliffe Lake	426,507.	11.72	364.	13,800.	37.9	63.2
Rockleigh	21,893.	4.59	48.	2,300.	47.9	79.8
Essex - Newark	64,860,869.	8.93	72,633.	570,500.	7.9	13.2
Cedar Grove	1,214,624.	7.21	1,685.	16,300.	9.7	16.2
North Caldwell	405,149.	4.74	855.	8,150.	9.5	15.8
Hudson -Jersey City	42,458,083.	8.67	48,971.	639,600.	13.1	21.8
Guttenberg	496,024.	7.90	628.	15,600.	24.8	41.3
East Newark	292,546.	6.52	449.	7,800.	17.4	29.0
Mercer- Trenton	14,699,084.	7.46	19,704.	114,800.	5.8	9.7
Lawrence	1,274,759.	8.36	1,525.	14,700.	9.6	16.0
Washington	164,783	6.66	247.	2,100.	8.5	14.2
Middlesex-Woodbridge	5,943,309.	11.75	5,058.	67,200.	13.3	22.2
East Brunswick	1,316,709.	12.67	1,040.	16,800.	16.1	26.9
Helmetta	62,736.	5.06	124.	1,050.	8.5	14.2
Monmouth-Middletown	2,835,099.	16.99	1,669.	33,300.	20.0	33.3
Red Bank	1,533,458	10.70	1,433.	16,200.	11.3	18.8
Englishtown	103,688.	17.74	58.	900.	15.5	25.8
Morris- Madison	1,689,891.	9.03	1,871.	18,000.	9.6	16.0
Hanover	1,300,809.	9.25	1,406.	16,500.	11.7	19.5
Chester	324,663.	12.78	254.	1,000.	3.9	6.5
Passaic-Clifton	8,266,623.	5.63	14,683.	137,298.	9.4	15.7
Little Falls	966,391.	8.40	1,150.	16,660.	14.5	24.2
Prospect Park	286,317.	5.23	547.	5,243.	9.6	16.0
Somerset-Bridgewater	1,667,403.	9.13	1,826.	21,840.	12.0	20.0
North Plainfield	1,518,405.	9.88	1,537.	14,420.	9.4	15.7
Millstone	184,452.	15.35	120.	420.	3.5	5.8
Union- Elizabeth	12,127,617.	7.95	15,255.	109,200.	7.2	11.9
Roselle Park	1,166,500.	7.34	1,589.	15,600.	9.8	16.3
Winfield	176,146.	28.53	62.	975.	15.7	26.2

ASSEMBLYMAN KEEGAN: Mr. Dreier, just one question: In your statement, paragraph 3, page 4, you state that the Port Authority in your belief is empowered to specifically handle rail transit problems. Do you find that in the statutory setup of the Port Authority?

MR. DREIER: In the original compact, sir, it specifically sets that forth and that is covered in this additional booklet.

ASSEMBLYMAN KEEGAN: All right. The reason I asked the question was because Mr. Tobin seemed quite definite that their Port Authority was limited so far as rail was concerned to freight problems. If you say it is in the booklet, I will find it myself.

MR. DREIER: Yes.

ASSEMBLYMAN KEEGAN: Thank you very much.

ASSEMBLYMAN RONCO: Mr. Dreier, I am Assemblyman Ronco from Essex. Were you present this morning when the Executive Director, Mr. Tobin, spoke?

MR. DREIER: I was, sir.

ASSEMBLYMAN RONCO: And are you convinced or do you believe the statement that he makes, quote, "that to undertake this deficit project would impair the sale of the bonds by the Port Authority"?

MR. DREIER: No, I don't believe that is so. I don't profess to be a financial expert in any way, but I feel that first off, in order to maintain their 1.3 revenue, whatever it is technically called, by raising the tolls, if necessary, they more than offset the deficit, also the possibility of additional revenue from other sources by re-negotiating, as I mentioned, the contracts. Now if that were done, their revenue is ample

to meet this deficit and if they have the ample revenue and can show it, and by reason of their past experience and past standing, I feel that the bondholders or the prospective purchasers of bonds would have just as much confidence in their ability to continue because they have the revenue there; they can definitely show in facts and figures that the income is there. People cannot divert and not spend that additional. There is no other way of going. They have to cross the Hudson. Yes, it is possible as Mr. Tobin says that some of the people who go on pleasure trips will not go over the Hudson River, they will go in some other direction. But the bulk of the users of their facilities and the bulk of the users of the rail transit facilities will have to continue so that there won't be a diversion to another source and they will have the revenue by which they will be able to sell their bonds.

ASSEMBLYMAN RONCO: Well, it hasn't been conclusively established that an increase in rates would not make this a deficit project. It is my understanding from Mr. Tobin's remarks that it would merely reduce a fraction of the deficit.

MR. DREIER: Oh, no, I think ---

ASSEMBLYMAN RONCO: Do you have facts or statistics to show where an increase in rates would not render this project a deficit project?

MR. DREIER: Well, I am taking the statement made by the one who has the expert authorities, the research facilities behind him and he categorically stated that an increase in tolls to 75 cents would cover this deficit that would be anticipated in the rail transit operation, not the over-all in taking New York City, but

I am talking about the one with which we are confronted, the crossing of the Hudson River. And he definitely states that that will be, and I believe he would not make such a statement if it were not so because it certainly is not a statement favorable to his position.

ASSEMBLYMAN RONCO: I have no further questions.

DR. FLINK: I have one or two questions, Mr. Dreier. There has been much talk about the $20,000,000. Mr. Tobin mentioned it and Assemblyman Ronco asked you about it. Are you familiar with the MRTC report?

MR. DREIER: Yes, sir.

DR. FLINK: Doesn't that MRTC report expressly say that if its projected plan or proposed plan is adopted, the railroad deficit would no longer be $20,000,000, but somewhere around $8,000,000?

MR. DREIER: That is correct. As a matter of fact, they say that the deficit, using the 1957 figures, is $12,000,000. Now by consolidation and efficient operation, it is stated by many experts that the deficit would be reduced. But in using this, I am taking the very worst picture as well as the better picture. I think we all agree that there will be a deficit. But I have taken the $12,000,000 that the MRTC projected and the $20,000,000 that the Port Authority projected in showing both figures in my statement. And I might further say that the increase in tolls to cover the deficit is based not on the $8,000,000, but on the $20,000,000, and if the deficit is not $20,000,000, then the tolls will not have to be increased to that amount.

DR. FLINK: In other words, if projected, the railroad deficit

of the MRTC is not $12,000,000, it is $8,000,000 and Mr. Tobin only referred to the '57 deficit, which again has nothing to do with the deficit, if when and as operated either by the District or any other agency, correct?

MR. DREIER: That is correct, sir.

DR. FLINK: No then another question: Did you hear Mr. Tobin this morning speak of 4,000,000 automobile users in New Jersey would be subject to increase in rates on the crossings?

MR. DREIER: I did, sir.

DR. FLINK: Are there 4,000,000 automobile users actually using the crossing or only a fraction of the 4,000,000 who actually are using it?

MR. DREIER: I might say that only a fraction are using it, but I would like to add in view of your question, I don't know how many million taxpayers on the other hand would have to pay the deficit.

DR. FLINK: I know. Now my next question: There has been a good deal of talk this morning - and I never made that suggestion in either one of my reports that the rates be increased on automobiles from 50 cents to 75 cents. Nobody has mentioned anything about the possibility of raising the rates on trucks and buses. Now, do you believe that if rates on trucks, for example, were raised by 25 cents that would cause any diversion of trucks that have to go to New York or from New York to New Jersey?

MR. DREIER: I do not, sir, and I think that I should add there that everything else that we have dealt with in the 25 or 30 years that the Port Authority has been in operation has

increased. The railroad fares have increased. Every type of fare has increased and theirs has remained static. And I don't think it would be an undue burden if their fares increased comparable with times.

DR. FLINK: But we do have one bulk of users known as commercial users, who have had increases in all their operating expenses and who have the least elastic demand, who therefore could carry that burden if necessary.

MR. DREIER: That is so.

DR. FLINK: Thank you.

CHAIRMAN CRABIEL: Mr. Dreier, you are counsel for the Inter-Municipal Group for Better Rail Service. Do I understand that you are representing elected officials of these communities or are these commuters individuals?

MR. DREIER: The Inter-Municipal Group is composed as follows: Each municipality is represented by the mayor, a councilman, the corporation counsel and one lay member picked by the governing body. It is the official representative of the community. The expenses and the costs of operation of the group are paid out of the municipal budgets. It is a definite group representing the municipalities.

CHAIRMAN CRABIEL: There are many commuters in these municipalities which you represent, is that correct?

MR. DREIER: I won't say millions, but there are a good many, yes. Our group is on the main line of the Jersey Central and it is from the bulk area that they carry from Elizabeth out to Raritan.

CHAIRMAN CRABIEL: From your discussion with them and the

commuters in particular has the saturation point been reached as far as fare increases to commuters are concerned? In other words, will the commuters take any additional fare increase if facilities and schedules are improved?

MR. DREIER: I would say if they have to, they have no other alternative - that they can. It will be a terrific burden on them. The rates are too high now, but it is a question if they don't take it, then they must give up their jobs or move from the area in which they reside.

ASSEMBLYMAN WILSON: Mr. Dreier, my name is Wilson from Union County. I am familiar with your group and the municipalities which you represent. I suppose you have had experts compile your figures to get this $12,000,000. Now, Mr. Tobin also has experts to compile his $20,000,000 figure. Can you tell me why there is this big discrepancy of so many millions of dollars on a matter that should be perhaps a little closer. I think it is a little more than a mathematical error.

MR. DREIER: Well, I agree with you. But we took the figures of the MRTC experts. That's the $12,000,000. That is in their report. The MRTC report quotes the $12,000,000. The Port Authority quotes the $20,000,000. We took their figures.

I might add - the question of my representation - I might also add that the Boards of Freeholders of numerous northern New Jersey communities have adopted resolutions and forwarded them on to you gentlemen and you have received them, agreeing wholeheartedly with the views expressed by the Inter-Municipal Group for Better Rail Service. I understand also that there was a meeting held this spring by Senator Crane of Union County,

to which all of the mayors of Union County municipalities were invited, and they were unanimous in their feeling that S50 should not be adopted and a similar meeting was held by Senator Fox in Essex County and I understand all but one mayor of all the Essex County mayors took the same viewpoint.

CHAIRMAN CRABIEL: Any further questions? Mr. Bowkley...

ASSEMBLYMAN BOWKLEY: Mr. Dreier, you have mentioned the Jersey Central. I understand that the Jersey Central will discontinue ferry service on days in which there is fog in the New York harbor, is that correct?

MR. DREIER: Well, there is talk and there is a hearing set before the Public Utility Commission, in which I understand I will be instructed by our group to appear in opposition to that.

ASSEMBLYMAN BOWKLEY: Now, assuming that such ferry service is discontinued, can you tell this committee what provisions, if any, exist for crossing the river if there is a discontinuance of the ferry service?

MR. DREIER: As I understand, if the ferry is discontinued, the user of the Central Railroad will be advised either before he gets on the train or while he is on the train. If it is before he gets on the train, then he can go home and get his car and drive into New York or he can get off at Elizabeth and take a bus over to Newark and take the H and M or he can transfer to the Pennsylvania at Elizabeth and get a Pennsylvania Railroad train into New York City or go over to Jersey City and somehow from the Jersey Central Terminal get over to the H and M tubes. It would be a very unsatisfactory situation at best.

ASSEMBLYMAN BOWKLEY: No further questions.

CHAIRMAN CRABIEL: No further question. You are excused, Mr. Dreier.

I have a communication here from Mr. G. B. Wood and J. J. Brennan of the Brotherhood of Railroad Trainmen who want to be recorded as being opposed to A115 and S50.

I will call Mr. George M. Eichler, General Counsel of the New Jersey Motor Bus Association.

MR. GEORGE M. EICHLER: Gentlemen, my remarks will be addressed to Senate Number 50 and Assembly 115 which we oppose. Both bills authorize the creation -- By the way I have available printed copies of the statement that I plan to deliver which are available to anybody here. Has every member of the Committee a copy of this?

The bills, of course, authorize the creation of the Metropolitan Transit District of New York and New Jersey. While it is not expressed in so many words, it is the ultimate object of the bill that a Metropolitan rapid transit system between Northern New Jersey and Manhattan be constructed at a cost ranging from $500,000,000 to $540,000,000 and, of course, the figures I quote are the figures of the MRTC, and which would incur an annual deficit ranging from a minimum of $11,300,000 a year to a maximum of $16,000,000 a year. Now, there was some question raised before as to what would be the probable deficit. Again I quote the figures of the MRTC. This quotation of $16,000,000 a year can be found on page 36 of the final report of the MRTC. Page 36 of the final report of the MRTC quotes these figures of $11,300,000 a year to a maximum of $16,000,000 a year, two-thirds of which would be borne by the taxpayers of Bergen, Essex, Hudson, Mercer,

Middlesex, Monmouth, Morris, Passaic, Somerset and Union Counties.

Senate 50 passed the Senate on June 16th. Of the total of 21 Senators in the Senate, only eleven voted for the bill; of these eleven, only four votes came from the counties that will foot the cost under the MRTC plan, namely, Bergen, Mercer, Monmount and Somerset. Of the seven that voted against the bill, six represented Union, Essex, Passaic, Morris, Hudson and Middlesex. In other words, of the seven that voted against the bill, six Senators came from six counties that would have to assume the cost of the project. Now, of course, the bill could not have passed without the aid of seven Senators representing counties that will incur no financial obligation.

The Metropolitan Rapid Transit Commission was provided $800,000 to make a study, and based on the study, it recommends a loop system of rail mass transportation, including Hudson and Manhattan Railroad improvements to cost $500,000,000, with an annual deficit ranging from $2,300,000 to $7,000,000, depending on the fares charged both on the Loop and the Hudson and Manhattan. Now, of course, this explains this figure of $7,000,000 which has been referred to, namely, the operation of the Loop itself. The annual deficit is exclusive of whatever additional deficits would be assumed by the Metropolitan Transit District - that is the name of the proposed agency - if it concluded that suburban service on a particular railroad could not be adequately or financially continued under private enterprise and effected satisfactory negotiations for operations of such suburban service. The Commission - that is the MRTC - has estimated that if the

District took over all of the suburban railroad services and spent an additional $40,000,000 for new and modernized railroad cars, the revenue from railroad passengers would still be short $9,000,000 annually. That makes up, of course, that $16,000,000 that has been talked about - seven plus the nine million.

Thus the operation of a rapid transit system including the suburban services of the railroads involves a financial outlay of $540,000,000 with an annual deficit ranging from a minimum of $11,300,000 a year to a maximum of $16,000,000 per year.

True, the question of costs, both capital and annual deficits, are left for development by the proposed District under the provisions of either bill. The bill does contemplate, however, that the annual deficit be apportioned between the City of New York and Bergen, Essex, Hudson, Mercer, Middlesex, Monmouth, Morris, Passaic, Somerset and Union Counties in New Jersey and Orange and Rockland Counties in New York.

Your attention, however, is directed to page 2 of the bill with relation to findings and policy as expressed by the Legislature in the bill. I quote:

> "In view of the experience with rail transit operations in all other comparable regions, the Metropolitan Rapid Transit Commission has reported that in its opinion a new agency could not provide and finance such facilities in this area solely on the credit of its fares and other revenues."

Again I quote:

> "The problem of public mass transportation is essentially a joint problem of urban areas and their surrounding suburbs. Its solution in a manner not inconsistent with the principle of self government can and should be accomplished through a regional district - a Metropolitan Transit District." And I emphasize the following, which is, of course, in the bill as a matter of finding and policy: "Such an agency would employ the fiscal resources

of the region for such public support as may be voted by local representatives and within the limits of authorization by the Legislatures of the two states."

Gentlemen, what do we mean by the expression "fiscal resources"? We mean by that taxes - T-A-X-E-S. And I think, of course, that is probably the principal objection to S50 and A115 in their present form, that namely the burden of meeting the deficits would fall upon the municipalities within the ten counties.

Because of the above findings, namely, the findings of the Legislatures contained in these two bills, you must necessarily give consideration, gentlemen, to the recommendations of the Commission's Project Director, Arthur W. Page, that the proposed District, quote, and I now use the language contained in the report of the MRTC of January 1958, in which Mr. Page recommends, that is, the Project Director, that the proposed District "issue its bonds secured by the net revenues of the District and the mandatory" - I emphasize that word - "obligation upon the taxing units included in the District to pay their respective shares of the deficits certified to the taxing units."

Now, gentlemen, that is the financial aspect. I don't think there is any dispute about it, that this would be a deficit proposition.

Now the next question then arises: Is there any need for a $540,000,000 rapid transit system? And we respectfully suggest to you gentlemen as a result of our own study - and when I say our study I am talking about the New Jersey Motor Bus Association whose members, of course, operate the interstate bus lines into New York via the Lincoln Tunnel and the George Washington Bridge - we say there isn't any need for a $540,000,000 expenditure.

There isn't any doubt that the railroads' financial situation would be vastly improved. The railroads are presently operating their suburban services at losses claimed to amount to $13,000,000 a year. Whatever their losses may be, the railroads will be fully relieved of them should the recommendation of the MRTC be adopted.

But what will be the benefits to the public? 75,000 commuters will save all of thirty minutes a day - 15 minutes each way. There will be no new rail facilities made available to any parts of the ten counties. The commuters of all the railroads, except the Jersey Central and the West Shore, now have available a rapid transit system, namely, the Hudson and Manhattan; the loop system will provide new transfer facilities for the Jersey Central and West Shore; it will duplicate, however, the Hudson and Manhattan facilities now available to all other railroad commuters.

In order to provide a faster rail service for New Jersey commuters, the taxpayers of the ten counties will be assessed about $7,800,000 a year. This is predicated on the annual estimated deficit of $12,000,000 and not on an estimated deficit of say $14,000,000 or $15,000,000 or $16,000,000. And this would in effect subsidize each commuter $104 a year - so that he may save thirty minutes per day. Now these 75,000 commuters are two per cent of the population. As they would receive all the benefits, they would be allowed to share the costs with the other ninety-eight per cent. Now this is a tremendous subsidy, gentlemen. Commuters comprise only nine per cent of the working force of the counties in New Jersey nearest the Hudson River.

Now rail commuter travel since 1943 has declined about 41

per cent and by the way, gentlemen, the over all rail service has declined some 49 per cent and that is shown by the survey made by Ford, Bacon and Davis engineers for the MRTC. Over all commuter railroad service has declined 49 per cent whereas this particular commuter service declined 41 per cent. And even the H and M has declined to 37,000,000 passengers annually in 1956 from 113,000,000 in 1927.

Now again I want to emphasize what I intend to say now. According to Ford, Bacon and Davis, nationnaly known engineers employed by the MRTC, by the way, on this project, there will be no significant expansion in the present daily volume of common carrier trans-Hudson passengers and that facilities to meet 1956 requirements will be adequate for the next twenty years. Why then a $540,000,000 rapid transit system, which, of course, will be deficit burdened right from the start?

Now all this leads to the conclusion that the least expensive step for improving rail transit should be to make the best possible use of the extensive rail facilities in existence. Considerable improvement can be made in existing rail facilities to secure greater convenience and speed for New Jersey rail commuters without a new bi-state agency and the tremendous investment proposed. Of course, under your bill you are going to spend $150,000 a year for the next five years just for the personnel of this new agency.

All that it requires is to make full use of the Hudson and Manhattan Railroad rather than the construction of new tunnels at the expense of the taxpayer. The Erie and Lackawanna presently bring their passengers to Hoboken; the northern branch of the Erie could be similarly connected with the tracks used by

the H & M west of the Journal Square station at comparatively small expense. The H and M service could be extended south through Jersey City over the National Docks railway to a transfer with the Central of New Jersey in Communipaw. And, by the way, gentlemen, I have found that on pages 64 and 65 of the final report of the MRTC the cost of that extension is given. The extension would cost - the tie-up of the H and M and the Jersey Central would cost $13,400,000 and by the elimination of the Jersey Central Ferry there would be a saving of $1,000,000 a year. That is not contained in my statement. But I refer you now to pages 64 and 65 of the MRTC report. 64 has it - about the tie-up by the National Docks railway with Jersey Central, the H and M at a cost of some $13,000,000. That, of course, would take care of that problem of the elimination, that is, that so-called ferry elimination that was referred to by the previous speaker.

Now, the West Shore trains could be re-routed from the Weehawken Terminal to Jersey City via Susquehanna Transfer and mid-town passengers could transfer to Lincoln Tunnel buses at Susquehanna Transfer. Of course, you will find that referred to also on page 65 of the MRTC report. And, of course, the downtown passengers would use the Hudson and Manhattan to the Hudson Terminal at Fulton Street.

In 1927, the Hudson and Manhattan carried 113,000,000 passengers a year. Let's face that situation, gentlemen. In 1927 the existing facilities of the H & M carried 113,000,000 passengers a year. Now they are down to 37,000,000 passengers a year. The ferries are carrying about 20,000,000 a year.

If you closed the ferries and add the ferry passengers to the H & M, the ferry closings would provide a $4,000,000 savings to the railroads. Now where do I get my figures? All from MRTC. They are right here. As a matter of fact, that reference to a $4,000,000 saving is found on page - I think it is 36 of the MRTC report. You will find it there. Ferry losses eliminated by the loop, $4,000,000. Of course, if you close the ferries, that means you save $4,000,000 on ferry operation. Now, if you close the ferries and you take those 20,000,000 passengers that use the ferries and put them on the H & M, you are not taxing the facilities of the H & M very much because you go from 37,000,000 to 57,000,000 and lo and behold, the H & M which is now in receivership would operate in the black. And if Mr. Stichman is here I am sure he will confirm what I say. Is Mr. Stichman here, the trustee of the H & M? Well, I make this statement to you gentlemen; he has confirmed it to me personally: You give him 20,000,000 more passengers a year to operate his H & M and he will not be in the red and it will be a pretty good stock then to buy.

Well, you might say, why are we here today? Well, I will tell you very frankly. This new rapid transit system would do irreparable damage to the very fine inter-state bus service that has been developed. We would lose about 19 per cent of the passengers that travel over the George Washington Bridge and about 45 per cent of the passengers traveling via the Lincoln Tunnel. Now, mind you, all that diversion has already been contemplated or calculated in connection with the revenues of this new project. In other words, gentlemen, we are now

talking about a deficit of $12,000,000 to $16,000,000 a year, which already includes the diversion of these bus passengers that I refer to. We would lose about 34,000 passengers a day out of our total of 92,000. Well, I am not here with a crying towel on behalf of the bus industry. I don't know that you are particularly interested, shall I say, in their economic problems, other than this fact. The people who now use those buses are the ones who would be affected. You can anticipate that if we lose 34,000 passengers a day, just exactly what would happen to that inter-state bus service, which many, many communities rely on. Bear in mind that we don't compete with the railroads; we go into all sorts of municipalities through the counties. For example, 95 per cent of our bus passengers come from Bergen, Hudson, Essex and Passaic Counties and, gentlemen, if you have this rapid transit system, you are not improving the lot, of course, of the person who is the bus passenger. You just demoralize the bus service for him completely.

Now let me sum this all up by saying this: I don't think you need a commission that will get $300,000 a year for operating expenses to point out your existing transportation facilities can be improved. I think the answer is there. These answers are also given by the MRTC. The observations we make are supported by the Hudson and Manhattan Railroad. The question comes up, of course, it is a deficit operation. The railroads are losing money today. Somebody has to pay the bill. Well, it has been suggested here today that the fellow that runs the bus company, the fellow that has a trucking line, the fellow that drives his car over the Hudson River, let him pay the freight. Well, that is all right.

Maybe that is one approach to the problem. I don't know whether that is a sound or logical approach to the problem. We are going to exclude, we will say, for the sake of discussion this idea of a $550,000,000 loop proposition, which is going to carry with it ad infinitum deficits. And by the way I direct your attention to the back portion of my pamphlet which breaks down the cost to each municipality if the Page formula were to be adopted to meet these deficits. For example, Mr. Crabiel, I think your town is Perth Amboy, isn't it? Isn't that your own town? What is your town?

CHAIRMAN CRABIEL: Milltown.

MR. EICHLER: Milltown. All right, let's turn to Middlesex County there. And Milltown Borough would pay $6300 a year ad infinitum towards the maintenance of this loop system or in that neighborhood. And, gentlemen, I have taken exactly the figures - in other words, your pro rata cost of what we call county government expenses in the analysis of that. Well, let's take Perth Amboy, which, of course, is where a part of your constituents also live, Mr. Crabiel, and we find that Perth Amboy would have to run an expense of approximately $42,000 a year under this loop system. Or, let's see, our Chairman from Essex County, let's turn to that for a minute and we will find that Newark would only have to stand about $570,000 in additional taxes for this so-called fine, luxurious rapid transit program.

What is the answer? We know that the existing railroad services are operating at a loss and they will continue to operate at a loss. And I agree certainly with Mr. Tobin, it is

going to be a pretty difficult thing to get people railroad minded. Yes, the commuter is railroad minded. I am a commuter, myself. I come up from Monmouth County every morning to Jersey City. But, of course, that is the only time you find me on the railroad - during what we call commuting hours. During all other times of the day, well, I have a car - I need one - and I came down here by car; I didn't come here by railroad from Monmouth County because it would have taken me too long and too many transfers. Then, of course, my wife, fortunately, has a car. So you can see that we only ride the railroad when we have to. Now, isn't that in effect the situation in this country today? Nobody rides the railroad unless they have to. And the commuter rides the railroad because he has to and it is the most practical way to get to work.

Now, there is that deficit. Well, gentlemen, today the idea has been suggested that the Port Authority handle that deficit. Then, of course, the other grandiose idea is this rapid transit system and let the taxpayers of ten counties absorb the deficit. But let me call your attention to the suggestion made by the Mayor of the City of New York and which you can find again on page 25 of the MRTC report. Now, isn't the suggestion he made really the only honest approach to this problem? Has anybody the MRTC report there? Open it to page 25, gentlemen. I take you to the bottom of the first column: (Reading) "The statement read for the Mayor by City Administrator Charles F. Preusse said, in part:" Now this is the expression of Mayor Wagner. He said: "The primary responsibility for financing any trans-Hudson transit plan, including possible deficits, should be assumed by the two

States. New York State and New Jersey have existing or potential taxing powers which are broader, more flexible and more adaptable to meeting metropolitan needs than are the tax structures of the communities within the region. More extensive use of these State Tax sources than is provided in the Page proposal needs to be made. The jurisdiction and interest of the two States include both the urban and suburban areas involved in commuter transit plans. It may be noted that approximately two-thirds of New York State's population resides in the New York metropolitan area and that about 75 per cent of New Jersey's population lives in the New Jersey portion of the metropolitan region."

Now what is the Mayor then suggesting - Mayor Wagner? He is simply suggesting one thing, that the two states subsidize or make good the losses of railroad operation.

Let me say then in conclusion, gentlemen, you don't need an expensive state agency at this time; to improve the rapid transit facilities of the area, all that needs to be done is for the Governor to appoint some little committee to try to tie in these little railroad connections that are not only contained in my little pamphlet, but even in the MRTC's recommendations. Certainly the Governor has a lot of, shall I say, high-priced men working for the State government who have all kinds of experience. All he has to do is organize a little committee and go to work on H & M and Jersey Central, to raise this $11,000,000 so that the Jersey Central commuters have nothing to worry about. And certainly tying in the West Shore on the other end is not a very, very big problem.

Now, when you get down to this problem of what we call railroad deficits, you have to say this: Somebody has to put a bill in the Legislature to establish as a matter of policy that the States of New Jersey and New York must tackle this problem and meet the deficit. Now, certainly, A115 and S50 don't meet that because that's geared to an organization of an agency whose objective is to set up a rapid transit system, which the ten counties of New Jersey must provide. I say scrap A115 and scrap S50. I am not saying anything about your Port Authority bill because I don't want to get involved in that. I don't want you fellows to think that the bus industry is on the side of the Port Authority, except we don't want to pay any higher tolls than we are paying now because, if we do, of course, the bus passengers have to pay it. But I do say this: Throw out all these bills completely. Let the Governor appoint a little committee to improve the existing facilities right now. Let them find that $11,000,000 that is necessary.

Number two, let somebody come in in the '59 Legislature and say as a matter of finding and policy that the railroad deficits be absorbed by the States of New Jersey and New York and have the New York Legislature pass a bill to that effect and then under the bill provide some kind of an agency to supervise these deficits and include it in your annual appropriation. Thank you very much, gentlemen.

CHAIRMAN CRABIEL: Any questions?

ASSEMBLYMAN RONCO: Where do you suggest we pick up this $11,000,000?

MR. EICHLER: You are talking about the $11,000,000 that

would have to be spent in order to connect the Jersey Central with the H & M, am I right?

ASSEMBLYMAN RONCO: Before I recommend to the Governor that he form this committee, I would like to also set forth some recommendations where we can get this $11,000,000.

MR. EICHLER: First of all, don't misunderstand me. I didn't mean by that the State of New Jersey appropriate the $11,000,000. That is a financial problem which could be solved by the H & M and the Jersey Central. If necessary, some outside financial agency might have to lend them the $11,000,000. But I think that it takes some representative of the State of New Jersey to, shall I say, get the ball rolling, to get the negotiations commenced between these two agencies.

ASSEMBLYMAN RONCO: Then I misunderstood you. I apologize. I think we thought you said the 1959 Legislature should come forth with some recommendation.

MR. EICHLER: No, no.

ASSEMBLYMAN RONCO: No further questions.

CHAIRMAN CRABIEL: Very well, that's all, Mr. Eichler.

MR. EICHLER: Thank you very much.

CHAIRMAN CRABIEL: We have a procedural problem here. We have three very distinguished mayors who would like to make their statements and leave. We have promised the MRTC and the railroads that they could get on today and have equal time and equal discussion. The Committee is very anxious to take time with everyone because it is a very difficult problem and we are earnestly and sincerely interested in hearing all viewpoints. We are going to have to have this hearing go over to December 3rd and I am planning to call on Mayor Witkowski, Mayor Dill,

Mayor Taber, and the representative of Mayor Grogan, and then we are going to switch over to MRTC. And if any of you aren't listed and will come back on the 3rd, we will be glad to hear you. We want you to stay and if we can get you on after the MRTC is on, we certainly will try to do it, but you can understand that we have quite a procedural problem.

I will call on Mayor Witkowski.

MAYOR CHARLES S. WITKOWSKI: Mr. Chairman and members of the Committee: I appear before you today to oppose the legislation recommended by the Metropolitan Rapid Transit Commission that would create a bi-state transit district to solve the trans-Hudson commuter problem. I do so reluctantly for I realize only too well the urgency of the commuter problem. I am thoroughly convinced that unless remedial action is taken and taken soon, the deterioration of rail service between New Jersey and New York will undermine the economy on both sides of the Hudson.

However, I am clearly convinced that the proposed bi-state district is not the solution. A number of speakers have already indicated why this is so. As Chairman of the Traffic and Transportation Committee for the Metropolitan Regional Council, I recommended to that organization that it go on record in opposition to this legislation, which it did unanimously. Mr. Maxwell Lehman, Executive Secretary of the Metropolitan Regional Council, is here today to tell you the reasons for this unanimous opposition.

May I make a few additional observations of my own as Mayor of Jersey City.

In May 1957, the Metropolitan Rapid Transit Commission made public the recommendations of its project director which included the construction of a bi-state transit loop at a cost of $400,000,000 with an annual operating deficit of $12,000,000. Hudson County's share of this deficit would be $1,560,000. At that time, I vigorously protested to the Commission the fact that the proposed loop would by-pass downtown Jersey City, in particular, Journal Square, an essential part of the region's economy. But I was not the only one to oppose the plan, for example, in neighboring Bergen County every mayor went on record in a public hearing in Newark in opposition to the proposals of the Rapid Transit Commission.

This opposition was so wide-spread that the Commission finally dropped the loop proposal and instead, in its final report last January, recommended the creation of the bi-state transit district. It was to be the job of the district to come up with a general transportation plan for the 13 counties involved.

The Metropolitan Rapid Transit Commission had over a million dollars at its disposal to evolve a satisfactory solution to the trans-Hudson commuter problem. $800,000 of this money was supplied by the New York Port Authority, which as you know wants no part of the commuter problem since its stated policy is to undertake only those programs which are self-sustaining. The proposed bi-state transit district is an ingenious method for absolving the Port Authority of its responsibilities with respect to the region's transportation difficulties. In 1957, the Port Authority earned $24,000,000 after meeting its funded debt service

and reserve requirements. Surely, this public authority is in a position to assume some responsibility in the commuter field.

The failure of the Metropolitan Rapid Transit Commission to come up with a realistic program is to be regretted, but we elected officials are learning that it is up to us to assume the responsibilities for the 15 million people who live in this tri-state region.

Solutions to our various regional problems cannot be imposed upon us from without. The local officials must take the initiative. It is for this reason that I look to the Metropolitan Regional Council as the vehicle for getting us on the right track.

Transportation is a tri-state problem. It is also a problem that is directly connected with our traffic situation. One element cannot be separated from the other. The proposed bi-state transit district would therefore fragment responsibility in our efforts to meet the growing needs of the people of the metropolitan region.

I therefore urge you to take no action on the proposal for a bi-state transit district and I further urge you to turn your attention to efforts being made to provide our region with a more realistic approach to our regional difficulties.

CHAIRMAN CRABIEL: Any questions of the Mayor? (No response.) Thank you very much, Mayor.

I will call on Mayor Dill of Montclair.

MAYOR WILLIAM L. DILL, JR.: Assemblyman Crabiel and gentlemen of the Committee: My name is William L. Dill, Jr. and I am Mayor of the Town of Montclair in Essex County. Montclair is

governed by a Board of Commissioners and at a conference last night, attended by all of the Commissioners, I was requested to appear here today and speak on behalf of the governing body of Montclair and to register the views I am about to express. May I say that they generally coincide with the views which I expressed on behalf of our governing body at a meeting of representatives of the governing bodies of municipalities of Essex County, held by the Board of Chosen Freeholders of Essex County last May.

Now we in Montclair, which is a town of some 45,000, containing many residents who commute daily to New York, believe that under present circumstances neither Senate 50 nor Assembly 115 should be enacted or should be passed by the House of Assembly at this present time. We recognize that over a good many years, the members of the Metropolitan Rapid Transit Commission have given of themselves and of their time and of their abilities in the study of this problem, that they are men of tremendous capacity and integrity and that they have made unquestionably a very thorough study of this entire problem. However, we must most respectfully disagree with the conclusions which they have reached as embodied in Assembly 115 and Senate 50. It seems to us that those bills are streamlined, are custom-tailored to the Page report. It is said that all this discussion is extrinsic of what these bills comprehend. We think the implications of the bills are such that the Page report or at least very material parts of it must necessarily be incorporated in any operational plan that may be advanced by the council which would come into being if Assembly 115 or Senate 50 were

adopted.

The Page report is the sole operational plan which has been devised by the Metropolitan Rapid Transit Commission after four or five years of work and the expenditure of something in excess of $800,000. We are now told that Northern New Jersey, at least the commuting population of Northern New Jersey, is confronted by a crisis. Maybe so. We are confronted by a crisis, however, no matter what is done in our way of thinking because it seems implicit to us that if Senate 50 or Assembly 115 is adopted and if there does have to be a deficit, though I do wish that someone would explore the possibility of there being sufficient improvements made without there being a deficit, it seems implicit that the cost of it or the amount of it is going to have to be borne by the freeholders and then by the various municipalities which must raise it by real estate taxes.

Now I know all of you gentlemen are well aware of the tax problem that faces the residents of New Jersey at the present time. And I say to you in all sincerity that the taxpayer of New Jersey, that is, the real estate taxpayer, cannot at this time take on a pig in a poke such as is embodied in the Page report and as we believe is embodied in Senate 50 and Assembly 115. The taxpayers of New Jersey or, at least, of the northern counties that are required to bear the brunt of this thing simply cannot do it and it seems to be that that is largely the crux of it.

The other point we wish to make is this: I listened very attentively to the very learned discussion of Mr. Tobin this morning and in many respects it was persuasive, but it did disclose

beyond a question one thing about which there has been certain doubt, at least as I have gotten it from various reports, newspaper releases and such as that, and that is that there is no legal impediment to the Port Authority getting into this situation, that basically it is a question of policy. Now we do not wish that all of the work that has been done by the Metropolitan Rapid Transit Commission should go down the drain. We know that something ought to be done and something ought to be done very soon. It is our thought that if there could be direction given to the Metropolitan Rapid Transit Commission - maybe action by your body continuing its life until the next session of the Legislature, both here and in New York - that the Metropolitan Rapid Transit Commission now having heard the views of so many interests, which I regret probably were quiet before, could come in with a bill which would be more realistic in its approach to this problem and could investigate much more thoroughly than has been done, I fear, the possibility of the Port Authority in some way or other getting behind this venture and perhaps picking up this deficit, and it is one that has to be borne in my opinion by the people who go in and out of New York City from the Northern New Jersey counties, regardless of how they go in - that the Metropolitan Rapid Transit Commission might come up with a realistic bill for 1959. If that can't be done, it seems to me that the very least that should be done is for the Governor to issue a strong statement that the question of Port Authority participation, possibly operation, should be investigated much more thoroughly than it ever has been by persons and organizations and bodies that do not have a closed mind on that question and

further that the Legislature of the State of New Jersey adopt a joint resolution, accompanied by another strong statement from the Governor, that whatever the solution to this metropolitan New Jersey rapid transit problem, if there need be a deficit, it must not be one which will saddle that deficit upon the municipalities and the resident taxpayers of this state who, believe me, are crushed under the burden of the real estate taxes at the present time. If the residential communities have to die, it doesn't make much difference which way they die. It is a serious problem and we can't take a blank check and have it annually saddled upon us to meet the deficit of rapid transit movement in and out of New York City.

One other thing, at the meeting to which I earlier alluded, there were representatives of practically all of the municipalities in Essex County. And I think that without question save in one instance, the views were that Senate 50, and this hearing was directed to Senate 50, should not be adopted. The bill as framed, and there are many other objections to it which I haven't mentioned, did not meet with their approval and largely for the reasons that I have mentioned.

I have here the record of that hearing and with your permission I would very much like to offer it into your record of this hearing.

CHAIRMAN CRABIEL: We would very much like to have it.

MAYOR DILL: I am very grateful for this opportunity to have presented these few words to the Committee.

CHAIRMAN CRABIEL: Any questions? (No response.) Very well. Thanks very much, Mayor.

I will call the representative of Mayor John J. Grogan of Hoboken.

MR. CHARLES DE FAZIO, JR.: Co-chairman and members of both committees: I am former Magistrate Charles DeFazio, Jr., of the Law Department of the City of Hoboken, a community of 50,000 people. I am very happy that the mayors have come down here today and in rapid order we have had the Mayor of Jersey City, His Honor Mayor Witkowski, representing 300,000 people, followed by Honorable William L. Dill, the Mayor or Montclair, with 45,000, and my little city of 50,000. Now I have the honor and privilege and pleasure to make extended remarks for our record in behalf of His Honor Mayor John J. Grogan of Hoboken, and here are his remarks, quote:

For the past eighteen months, I have carefully followed the transit situation from the publication of the Page Report, the final MRTC Report and now the Jones Bill, S-50, now under discussion before this Joint Assembly Committee.

On May 7, 1958, at my request, the Council of the City of Hoboken adopted a resolution to the effect that there were many weaknesses in the Jones Bill and that there should be a thorough discussion by representatives of the various affected communities before final action is taken, and that the City of Hoboken was therefore opposed to its passage at that time and in its present form, and until such time as all the possibilities were explored through such discussion, and that the passage of the bill should be delayed rather than go ahead with its hasty adoption.

I find that no such discussion having taken place by the representatives of the communities concerned and after my careful

study of the situation, I am convinced that the solution of the transit problem cannot be properly solved by the MRTC Loop Plan and the proposed Transit District for the following reasons:

1. Under the recommended Loop Plan, which naturally will be considered by the proposed district, we feel that because of the physical aspects thereof, the City of Hoboken, an important terminal of the Lackawanna Railroad and the Hudson & Manhattan Railroad, will be economically dislocated because of the relegation of the Hudson & Manhattan Railroad to an unimportant part of the recommended loop.

2. From the opinion of Mr. Herman Stichman, trustee of the Hudson & Manhattan, that the loop will mean the possible cessation of his railroad, the very economic life of the City of Hoboken is in danger.

3. That the recommended loop is tantamount to a by-pass of the heart of Hoboken, and the LackawannaTerminal will of necessity no longer exist as a part of the life of Hoboken.

4. The deficit operation of the MRTC Plan and its ultimate tax burden on the City of Hoboken in the amount of a minimum of $100,000 annually is completely unacceptable for a plan which does not offer Hoboken anything, but on the contrary will create economic distress.

5. The Jones Bill places too much power in the small seven-member board of directors and the council membership of sixteen members for New Jersey is disproportionate, to the disadvantage of the populated and highly taxed counties. It is also apparent that New York can possibly dominate the district.

6. We sympathize with the suburban commuters of New Jersey,

but we maintain that the solution of their problem should not come from the deficit ridden plan of the MRTC. Their solution must come outside of that plan and that is by the connection of the railroads of New Jersey with the existing facilities of the Hudson & Manhattan Railroad. All this can be done economically and without hurt to the by-passed cities such as Hoboken and Jersey City under the efficient and experienced hand of the Port of New York Authority. Their objections to undertaking a transit solution because of the MRTC deficit should not preclude their study of this problem which can be possibly solved without a deficit operation.

Therefore, I urge this Committee to reject the Jones Bill, S-50, as inimical to the interests of by-passed cities such as Hoboken and Jersey City and as an unfair and unnecessary tax burden on ten counties and dozens of municipalities which are presently overburdened with their own local problems, and finally as inimical to the interests of fifty thousand commuters of New Jersey, who I am sure would not want a solution that will place a heavy tax burden on their non-rail using fellow citizens.

I am convinced that a proper solution will be formed through a broad conference to be called by Governor Meyner of representatives of county and municipal officials, industrial, business, civic leaders, and representatives of the Metropolitan Regional Council to lay the ground work for an ultimate tri-state transit solution.

And the quotes are closed and in behalf of Mayor Grogan, my City of Hoboken and myself, we sincerely thank you for this time.

CHAIRMAN CRABIEL: Just a moment, sir. Are there any

questions? (No response.) Very well, that will be all.

MR. DE FAZIO: Thank you very much.

CHAIRMAN CRABIEL: Mayor Thomas T. Taber, Borough of Madison.

MAYOR THOMAS T. TABER: To the chairmen and the members of the Joint Assembly Committees: My name is Thomas T. Taber and I am the Mayor of the Borough of Madison. I am here in sort of a dual capacity, first representing the New Jersey State League of Municipalities, for whom I will present their statement of position on the matter, and also with your permission, I would like following that to present a personal statement in connection with this matter.

May I start by saying "amen" to Mayor Dill of Montclair who certainly hit the nail on the head in many particulars.

In appearing before you today representing the New Jersey State League of Municipalities, an organization of 526 of the State's municipalities, representing over 96 per cent of the population of New Jersey, I make the following statement:

Your hearing today deals with Assembly 16, Assembly 115, and Senate 50. Senate 50 and Assembly 115 are very similar bills and would create the Metropolitan Rapid Transit Commission. These bills were opposed by the League Legislative Committee last March following study and after the Committee received many resolutions from municipalities in the North Jersey area opposing the bills. Deficits resulting from the creation and activities of a Metropolitan Rapid Transit Commission would have to be borne by the individual communities located in the North Jersey counties. Many municipalities felt that this was unjust and an impossible obligation for them to assume. Since last March many municipalities

have reaffirmed their opposition to these bills.

Only last Thursday, at a meeting on Railroad Community Relations held during the 43rd Annual League Conference at Atlantic City, the sentiment of Municipal Officials present indicated their continued opposition. Consequently the New Jersey State League of Municipalities is represented here today again to oppose both of these bills.

The third bill you have under consideration is Assembly 16. This bill by Mr. Musto was introduced last January and approved by the League Legislative Committee in March. It would authorize the Port of New York Authority to develop, improve and coordinate facilities for interstate rapid railroad transportation of passenger traffic in the New York District. We have received many letters and resolutions endorsing the provisions of this bill since our member officials felt it was a proper amendment to the statutes and the best way of solving the problem. We could see no reason for creating an entirely new agency to deal with rapid transportation problems when one presently exists which could handle the matter, and we consequently urged that the Port of New York Authority be authorized to take on this activity. Once again we reaffirm our approval of Assembly 16 and urge that it be enacted into law.

We respectfully request that any mayors or members of municipal governing bodies present here today be permitted to make comments on these bills on their own behalf, as this statement does not preclude their privilege to state their views.

We also wish to thank the members of this Committee for this opportunity to appear and hope that a resolution which will benefit not only our commuter taxpayers, but all the citizens of

New Jersey and suburban rail service as well, will be developed from the deliberations and conclusions of your Committee. Thank you.

Now, with your permission, Mr. Chairman, I will make a very brief statement of my own or --

CHAIRMAN CRABIEL: Proceed, sir.

MAYOR TABER: I might say, sir, that Mayor Roach, who is also Freeholder - Director, of Dover came in a little late. Coming down from the north country, if you could find time for him, I think, sir, he would appreciate saying a few words.

CHAIRMAN CRABIEL; Very well, thank you.

MAYOR TABER: To the Honorable Members of the New Jersey State Legislature: As one who has long been interested in, and who has made somewhat of a study of the matter, may I recommend to you the speedy adoption of Assembly Bill No. 16, as being the best and most practical immediate solution to our pressing New York area suburban and commuter railroad passenger service crisis. In my opinion, this bill is definitely in the public interest, but possibly does not go far enough to be absolutely fair to all concerned.

May I suggest to you gentlemen that at an appropriate time you consider amending Assembly Bill No. 16 so as to increase its scope by providing that the Port of New York Authority shall, in addition to the rail passenger service, take over and operate all railroad freight, terminal, warehouse, dock and barge operations and activities in the area, including, of course, all Hudson River crossings - whether by bridge, rail, tunnel, vehicle or boat. If the Port of New York Authority should be given the "tail,"

which is the passenger business, should it not also have the "hide"?

The reasons for my recommendations to you, are:

1. To coordinate freight and passenger activities, operations and equipment when such action will result in better service to the customers, lower costs due to more efficient use, and a better utilization of everything available.

2. To expedite, increase the efficiency, eliminate waste, and lower the cost of handling all freight, so that New York Port costs of freight handling may be brought down to a figure more favorably comparable to those of lower-cost Atlantic ports, and thus greatly increase the flow of freight to and through the Port of New York.

3. To consolidate and coordinate all railroad freight yards, terminals, warehouses, docks and other facilities or equipment, in order to effect economies of operation, increase efficiency, render better service, and eliminate all unneeded land, structures, facilities and equipment. Surplus land and structures could then be sold to other industries, which would keep the property productive and on the tax-rolls, but would sharply reduce the railroad tax bill.

4. To coordinate all land transport in the area, so as to achieve better utilization, give better service, and eliminate wasteful and not-needed competition between carriers. Service would be faster and better, costs lowered, and there would be much less need for new highways to be constructed and maintained at public expense.

5. To apply the increased profits realized from more efficient

freight handling and operations against passenger train costs, as it is difficult to accurately and honestly allocate all costs between freight and passenger operations. In other words, "One hand washes the other."

In conclusion, I want to point out one aspect of this question which appears to have been overlooked - that of our National and Regional defense and security. Due to the character and physical location of New York City, it is vital that all ferries and other Hudson River crossings be maintained and improved for immediate use in case an emergency should require the evacuation of New York City, and/or our Hudson County municipalities. Vehicles could not meet this need; we must have an ample supply of railroad passenger cars, locomotives and facilities on hand for this vital purpose. As we read the papers on inter-continental war and so on, "The writing is on the wall!" Thank you very much, gentlemen, for your time and indulgence.

CHAIRMAN CRABIEL: Thank you, Mayor Taber. Any questions? (No response.)

I will call on Director E. P. Carey of the Hudson County Board of Freeholders.

MR. E. P. CAREY: Thank you, Mr. Chairman. Gentlemen, as a Director of the Hudson County Board of Freeholders, I have been advised by its twelve municipalities to oppose this bill, S-50, and A-115. I would say that they feel if we must have metropolitan rapid transit, they do favor the Musto Bill. If you, gentlemen, will consider Hudson County, which has a population of 600,000 citizens of the State of New Jersey, we do feel that you will be doing a justice for the northern section of the state.

CHAIRMAN CRABIEL: Very well, sir. Any questions?

MR. CAREY: I cut this short because it would reiterate a lot of the previous speakers' feelings.

CHAIRMAN CRABIEL: Thank you very much, sir.

I will call on the Director of the Morris County Board of Freeholders, Director Roach.

MR. JOHN ROACH, JR.: I regret that I had to ask for a few moments because I am not open on December 3rd and I would like to just put Morris County in the record and the Town of Dover.

Some time ago there was a resolution adopted by the Morris County Board of Freeholders and forwarded to the Legislature, both branches, and the Governor, the Port of New York Authority and others. We will put the same document on the record which we will send to you or see that it is delivered to you.

We are definitely opposed to both the Senate bill and the Assembly bill and are in favor of the Musto Bill. We would like to state first or reiterate the fact that the problems of the municipality today and the tax burden are such that no additional new revenue should be sought from that agency. With the rapid growth of suburban areas and the school situation, it is just physically impossible to control the tax rate now.

We feel that the Port of New York Authority has done a tremendous job over the years. We feel that they are walking away from a challenge that they alone could probably find a solution for. We know that they are one of the big agencies in the United States today. We know that they could absorb this without any difficulty as compared to any other agency that might be set up to do it. This agency has the respect of the two states,

being tremendous operators and having been efficient in the job that they have done. I am not one who feels that the tremendous deficits that are being talked about cannot be cut down. The plan as submitted by the agency hired by the Port of New York Authority and the two states does not of necessity have to be adopted in its entirety. I think the Port of New York Authority has men of ability who are able to come up with a solution of this problem. They are charged with that responsibility under the law. I think the saddest thing I ever heard was the statements that have been made by the Port of New York Authority in which they have reiterated time and time again that they just can't do it and they give so many reasons for doing it. The public at large lost a little faith in that agency because of all this commotion that they won't take it and that they can't take it. I believe that we as public officials are responsible to the people of our state. That includes the Legislature, of course. I believe that any agency of the Legislature is responsible to the people of New Jersey. Never should they become so good and so big and so prosperous and have so much authority that they can resist the Legislature and the people of the state and it's almost a frank statement that we can't take it and we won't take it.

I believe that you people, the Legislature of the State, have the right to decide who shall handle this, with the help of the Governor. I believe that you should be guided by the public thinking of the people of New Jersey. I want to say frankly to you that if you saddle this tax expense on these subdivisions of government, both the people on the municipal level and the county

level and the members of the Legislature, when this tax bill comes into being, you are not going to be very popular throughout these districts that are going to receive this tax.

Further, it is the opinion of those in county and municipal authority today that they are going to build all the sentiment possible to see that the Port of New York Authority gets this job to do. We think they are able to do it. We think that if they will just change their thinking of not wanting to do it and saying they won't do it, they can do it and that they can do a real job.

And further, I want to state personally - this is my opinion - if they get so big that they won't do it or don't want to do it, that it is time that we have new appointees in those offices. Thank you very much.

CHAIRMAN CRABIEL: Any questions? (No response.) Very well, Mr. Roach.

Mr. Lehman of the New York City Administrator's Office.

[illegible]: I might say I have a statement to file here by the Passaic Valley Citizens Planning Association in favor of A-115.

MR. MAXWELL LEHMAN: Gentlemen, I am Maxwell Lehman. I come here not in my capacity as Deputy City Administrator of the City of New York, but in my capacity as Executive Secretary of the Metropolitan Regional Council. I am grateful to you that you have permitted me to appear here as a resident of New York City. I might say that my personal interest is double in this since I was born in New Jersey and went to the schools here and that my interest in this state is as great as my interest in the welfare

of New York City.

I would like to begin by telling you a little bit about what the Metropolitan Regional Council is. It is an organization of the 21 counties, 20 cities, and 5 towns in the New Jersey - New York - Connecticut metropolitan area. It was formed in June 1956 when Mayor Wagner of New York called together the local officials of the three states to consider how the communities of the area could work together on those mutual problems which none of them could solve in isolation. Nine New Jersey counties and ten cities are members. The counties are Bergen, Essex, Hudson, Middlesex, Monmouth, Morris, Passaic, Somerset, and Union. The cities are Elizabeth, Hackensack, Jersey City, Linden, Morristown, Newark, Passaic, Paterson, Plainfield, and Rahway. Representing each community on the Council is its top elected official. The Council's decisions are thus made by those men who bear the most direct and intimate responsibility to the people of the area. Mayor Wagner is currently Chairman of the Council.

The members of the Council, Republicans and Democrats, representing a wide variety of ideological viewpoints, have made clear their desire that a powerful regional effort be made to relieve our clogging transportation in the area.

At the same time, the Council has firmly rejected the measure before you now - Assembly Bill 115 - that would set up a bi-state transit district. The Council was urged to give its endorsement to the bill as "the only practical remedy in prospect."

The Council voted unanimously to oppose the legislation precisely because it is neither practical nor a remedy. The Council members felt that it does not do the job it purports to do. Rather, it may hinder the development of a proper solution for our transit ills. An analysis of the bill reveals narrowness in scope and grave internal weakness.

Before speaking of these, it may be pertinent to place on the record a bit of recent history. The first time the Mayor of the City of New York knew the specific nature of the Rapid Transit Commission legislation was when the bill was introduced. The first time the transportation committee of the Metropolitan Regional Council knew of the bill was when it was already printed and in the hopper. The staff members of the Rapid Transit Commission never talked to any of us, never sought to ascertain whether the provisions of their proposal were acceptable to the people who would have to live with it. Had the legislation been discussed in advance, an accomodation might perhaps have been achieved. At least the Rapid Transit Commission would have received a refreshing - and I might add invigorating - viewpoint.

The legislation passed through the New York State Legislature without much dissent. The Regional Council had not yet had time to study it. But by the time it reached Governor Harriman, Mayor Wagner made a personal plea that it be vetoed.

Governor Harriman nevertheless signed the measure over the objections of the City of New York.

The New Jersey Senate acted later on the measure. The rising tempo of opposition was by now making itself felt, and the bill squeaked through the Senate by a single vote.

Meanwhile, a subcommittee of the Metropolitan Regional Council had become worried over the content of this bill. The subcommittee called in a representative of the Rapid Transit Commission. After hearing him, the subcomittee recommended unanimously that the bill be rejected. Then the full transportation committee studied it, and came up with a unanimous recommendation to reject the bill. Next, the Council's executive committee studied the measure--and moved unanimously to oppose. Finally, the full Council, meeting in Greenwich, Connecticut in June 1958, moved -- again unanimously -- to oppose. Only at one point in this series of deliberations was there anything less than unequivocal opposition -- and that was a recommendation that action by the legislatives be deferred until further study could be made.

The attitude of the Council today is that this legislation is narrow in concept, fuzzy in construction, and would set back, possibly for years, the opportunity to find a truly acceptable solution for the transit difficulties of the region.

Now let us take a look at the bill itself. Where does it fail? We note six major flaws in it.

First, in the manner in which it allocates prospective deficits;

Second, in the curiously complex setup of the governing bodies;

Third, in creating a cumbersome new mechanism, ostensibly to do something about the deteriorating railroads, but which really only postpones action;

Fourth, in limiting the scope of the proposed district geographically; and

Fifth, in limiting the scope of the district in such a way as to set up permanent barriers between rail transit and automobile traffic.

Now, to the details of these criticisms:

The fifth and sixth paragraphs of Article I of the proposed compact, when read together, amount to complete acceptance of the idea that metropolitan rapid transit cannot be self-sustaining and a declaration of legislative intent that the local counties shall make up the deficits.

Clearly, it is undesirable to foreclose such a basic issue now.

There is a real and unresolved question whether or not the states, with their more flexible taxing resources, should take up a share of the deficits.

The point is made, too, that the railroads represent a national defense asset, and that the Federal government therefore has a stake in seeing that our transit lines are kept running -- and running efficiently.

The automobile receives an indirect subsidy through the many billions which the Federal government is spending for highways. A tiny percentage of these funds would go far toward curing the whole transit headache.

Locally, it has been suggested that the revenue-producing transportation facilities ought to contribute to help maintain the movement of people and goods by rail, bus and ferry; and that we ought to determine whether there should be a pooling of revenues of bridges, tunnels, and rapid transit in the metropolitan area.

In view of these unexplored possibilities, how can the legislation approve a measure which is designed to saddle the whole burden upon the local communities?

While this legislation provides for no specific method of financing any transit scheme, consultants had proposed that the entire estimated $12 million annual deficit on the proposed Loop transit system be levied on the constituent counties. This financial plan proved so unpopular in the counties that would have to bear the burden, that reference to any specific financing method was deleted from the legislation. Contributions by the Port Authority were precluded in advance when the Authority agreed to finance the Metropolitan Commission studies. The responsibility of the State and Federal governments for financial help were never fully explored.

The weakness of the bill in this respect is so immense that, even if there were no other flaws in it, its passage would need to be opposed.

Now let us have a look at the proposed bi-state structure. First, the legislative bodies of all the counties in the district have a role: they select a 32-man governing body of the district. Then this 32-man body selects a 7-man board of directors, which presumably really governs the district. Then this board of directors appoints an executive director, who is the genuine boss. The relationship between the proposed governing body and the proposed board of directors is fuzzy. This is important because the board of directors would be responsible not only for the internal organization and administration of the district, but would also exercise all the functions, powers, and duties not specifically delegated to the governing council.

Article 3 of the proposed compact seems self-contradictory with respect to the basis for representation of the governing body. On the one hand, it provides that the governing body of each county shall appoint one representative to the Council for each 500,000 of its population. At the same time, it also provides that there shall be

14 representatives from New York County--not New York City, but New York County, which is the borough of Manhattan. If New York is to be represented on the basis of the population of the County of New York, it should have no more than four representatives; if it is to be represented on the basis of the population of the entire City of New York, it should have 16 representatives.

The selection of the New York members would presumably be by the Board of Estimate. This means a dilution of the executive power that has little precedent.

Control of the proposed district is by counties. Governmentally, this has a variety of weaknesses. There is occasional conflict between the counties and the cities within them. Several cities indicate they object to county domination over transit, particularly when these cities feel inadequately represented on county boards. The legislation makes no mention of deficit cost allocations as between counties and the cities within them.

The counties in Connecticut have only vestigial functions; the real power resides in the towns. If that state should wish to enter the compact, additional conflict is in prospect.

Proponents of the legislation sometimes argue; "we've got to do something." Perhpas the saddest thing about this measure is that it accomplishes nothing.

The District would be virtually impotent without further concurrent legislation. It could not deal with the immediate emergency of impending collapse of commuter service, much less develop any long range solution to the suburban transit problem. It could not implement any plans, could not raise money, and it could not expand its scope of operation without going back to the State legislatures. It is a delusion to expect this District to make any significant contribution to the solution of the regional transit crisis.

If anything, this measure hinders the objective which all of us seek. The only thing the bill does, after all that rigmarole of governing agencies is set up, is to provide money for additional studies. It comes down to this: A study agency worked three years to prepare a plan for setting up an agency which might be ready in two or three or five years, which would then have to be approved by the two legislatures. In other words, we would be sitting and waiting until sometime in the 1960's not for a solution, but for another piecemeal plan. And while we were waiting for new studies and new reports, transit would continue to deteriorate. The impulse to take action would be gone: people would say:"The bi-state transit district is working on this."

Frankly gentlemen, we see little more in this legislation than continuation under another name of the Metropolitan Rapid Transit Commission, whose proposed transit loop and financing plan were unacceptable--and whose failure would be recompensed by a $300,000 annual subsidy for the next five years.

But there are more fundamental objections to this legislation than the limited financing proposal and the internal weaknesses of the bill.

The point has been made that the measure is too limited in scope, that a tri-state-- not a bi-state-- transportation agency is needed. Thus, representatives of Westcheste County in New York and of the towns in Fairfield County, Connecticut, maintain that no setup should be created which does not include them from the beginning. Their reasoning is that funds and physical facilities may be committed to a Jersey transit loop, which would make it difficult to work out proper arrangements later for commuters of Westchester and Fairfield.

There are many ways in which present transit lines could function more effectively if they were part of an overall tri-state system. Various connections between existing services have been proposed which could result in benefits to all parts of the Region. Only a regional approach, however, could produce such integrated service.

The Metropolitan Regional Council has endorsed the view that transportation problems can never be solved by considering transit separately from traffic, and that-- ultimately-- a single agency is needed in the area to deal with both. The continued fragmentation of traffic from transit, the continued chopping-up of the transportation problem into bits and pieces, the continued competition of the various means for bringing people and goods into and around the region--

these are the roots of objection. A step taken now toward freezing the separation of traffic and transit would, in the long run, be disastrous.

Does this mean that we throw up our hands and do nothing? No-- other alternatives are in the wind.

First, Governor-elect Rockefeller has called a meeting of the governors of the three states to examine the transportation problem. Before coming here today, I checked with Mr. Rockefeller's office, and am informed this meeting will definitely be held. It would be premature to pass this legislation before we know what the governors will jointly propose; they will perhaps indicate what they deem to be the states' responsibilities in the maintenance of efficient transportation.

Second, the Regional Council has authorized its Transportation Committee to draft a new measure, with the Council itself as the governing body of a tri-state transportation agency, in the event the present measure does not pass. The Council recognizes that its own structure would need to undergo change, and that it would require statutory recognition for this purpose.

The validity of a tri-state regional approach to transportation, whether through the Regional Council or in some other way, has additional endorsement.

The New York City Planning Commission, in its capital budget for 1959, had this to say:

"Mass transit, commuter railroads, express highways, bridges and tunnels are all part of an indivisible whole."

The Metropolitan Council of Planning Agencies, which consists of the planning officers of the whole region, met recently on the subject of transportation, and endorsed this view. The planners based their decision on three major points : that movement of people by rail and bus is intimately related to movement by automobile; that a transportation plan must be adopted for the entire region; and that transportation planning must be related to regional development.

Mayor Wagner, in an address on October 27 reported that elected local officials of the New Jersey-New York-Connecticut metropolitan area "are convinced that our mass transportation problem requires total integration of all facilities on a tri-state basis." Mayor Wagner continued:"Vast amounts of money are spent on transportation in all its forms. We have no alternative but to devise a program which will keep all the necessary parts of the system functioning."

Third, you have before you the proposal that the Port Authority assume responsibility for trans-Hudson transportation. For the record, I wish to state that the Metropolitan Regional Council has not examined the full implications of this proposal. The Port Authority may well be able to do the job, but this solution is still only partial. We would still have no governmental mechanism able to operate in all parts of the region and coordinate the development of the entire rail-highway network. If the Port Authority is given responsibility, it must not jeopardize the development of a regional plan covering all modes of transportation in all sectors of the region. Moreover, the interests of the political subdivisions of the region in the development of transportation facilities would have to be recognized and protected.

Fourth, there should be more thought given to the possibility of some kind of joint approach and pooling of interests and facilities- involving all the units that have a stake- the private transit lines, the local communities, the three states, the public authorities, and the Federal government.

A coordinated rail-rubber solution to the New Jersey-Manhattan commuter problem might well be developed at a substantially smaller cost than the Rapid Transit Commission proposals. Existing rail tunnels might be more fully utilized. The suggestion has been made that separate lanes for buses on highways and river crossings might speed and expand the flow of commuters. Buses might conceivably operate as feeders to the rail facilities and also as express service directly into Manhattan from areas where rail facilities are remote. Unfortunately the potentialities of modern express bus operation on the future Federal highway network in New Jersey was only casually studied by the Metropolitan Rapid Transit Commission, and the possibilities of cost savings by integration on a wider area basis were not considered at all, apparently.

This coordination of rubber and rail transportation, however, will never come about voluntarily with the present division of responsibility for the different types of facilities. Highways and river crossings along with

suburban and urban rail facilities must be planned to function as part of a total transportation system. Priorities for development of future facilities of all types must be weighed in the context of an over-all network.

There is no simple legislative action which will automatically unravel all the policy, financial, administrative and physical difficulties involved in metropolitan transportation. We are seeking an ultimate solution which will yield the maximum results, but we should not take a first step which is too timid or too inconsistent with over-all needs. Assembly bill 115 is not the answer.

CHAIRMAN CRABIEL: Any questions? Mr. Kesselhaut.

ASSEMBLYMAN KESSELHAUT: I listened with interest to your comments as to when you received the proposed legislation of the MRTC and when you interposed your objections to the bill. Do you think that the New York Legislature if it had this bill before it at the present time, in view of the arguments that you and your Council have presented, would pass the bill at the present time?

MR. LEHMAN: It is obviously difficult for me to say what the Legislature of New York State would do. I can only tell you that we would make a very sterling effort to see that the bill were rejected by the Legislature if it were up today.

ASSEMBLYMAN KESSELHAUT: Isn't it true, Mr. Lehman, that before any legislation can be implemented, that is, after it is passed by New York and New Jersey, it first must be passed by the Federal government?

MR. LEHMAN: I understand that this is the case with the

current legislation.

ASSEMBLYMAN KESSELHAUT: What do you think, Mr. Lehman, of the suggestion that the MRTC report, as submitted to the Legislatures, should not be acted upon at this time, but that the MRTC should be directed to come up with a more acceptable plan?

MR. LEHMAN: I am afraid that the Metropolitan Regional Council would have to issue a vote of no confidence in the MRTC.

CHAIRMAN CRABIEL: Any other questions?

Mr. Lehman, would you be in a position to know how the representatives from the Borough of Manhattan and the Senators and the Assemblymen voted on this in the New York Legislature?

MR. LEHMAN: We, at the time the measure came up, did not ask for any action pro or con. They voted therefore without dissent to the bill. They voted in favor of it.

CHAIRMAN CRABIEL: You mean the representatives from the Borough of Manhattan in the City of New York voted for the bill?

MR. LEHMAN: That is correct. At that time we had not examined the bill; we were not aware of its true implications and the vote, therefore, was virtually unanimous in the State Legislature.

CHAIRMAN CRABIEL: Very well, that is all.

We are going to call on the Metropolitan Rapid Transit Commission and that will be the last speaker that we will hear today. If there are any others here who care to submit statements, we will take them. As I said before we are going to meet on December 3rd, at 10:00 A.M. and we will give as many people who care to talk at that time, time to do it. The Association of Railroads have asked to talk on December 3rd and so have the American Automobile Association; and any of the other people who have not been heard today, we will be very pleased to hear then.

I will call on Mr. Edward J. O'Mara, co-chairman of the Metropolitan Rapid Transit Commission.

MR. EDWARD J. O'MARA: Mr. Chairman, Members of the two Committees, my name is Edward J. O'Mara. I am co-chairman for New Jersey of the Metropolitan Rapid Transit Commission.

Although I would like to address my remarks, especially because of the lateness of the hour, strictly to the provisions of Senate 50 And Assembly 115, I consider it necessary to mention briefly the main events which led up to the introduction of these bills and the passage of Senate 50 by the Senate of this State. For at least 35 years, there has been a growing public awareness of the importance of mass transportation in the metropolitan region in the State of New Jersey. At least 14 more or less extensive studies have been made of the problem by various committees and commissions. Nothing has ever come of them, and in the meantime the problem has been becoming progressively more acute. I venture to say that there were several reasons why the previous studies did not bear fruit. First, they were inadequately financed and, second, they were conducted on what might be called a unilateral basis by agencies either of New York or New Jersey acting alone - a fact which militated against the production of any substantial result.

Finally, in 1954, the Metropolitan Rapid Transit Commission was created by the joint action of the two states and charged with the duty of studying the present and prospective rapid transit needs of the New York-New Jersey metropolitan area and reporting as soon as possible measures for meeting such needs.

In taking this joint action the two states clearly recognized the gravity of the problem and the fact that it was a regional problem. That the states were correct in both of these conclusions need not, I think, be argued at this late date. Everyone agrees on the importance of adequate transportation facilities to the economic and social well-being of any community. It is the life blood of its commerce and industry; it is as important as is an adequate supply of water, sufficient police and fire protection, satisfactory health and sanitary provisions, and the many other basic requirements so necessary to modern living. That it is a regional problem rather than strictly a community problem is also self-evident. I have heard it said that this is essentially a problem of the commuters and that they should be required to pay whatever the cost of furnishing their transportation requires them to pay. To me, this is an erroneous concept of the scope of the problem and leaves out of consideration some very basic considerations.

To mention but one of them - daily commuters in New York City earn in excess of two and a quarter billion dollars a year, most of which staggering sum is spent in the communities in which these commuters reside. Some seventy-nine thousand people use railroad facilities to commute daily from New Jersey to New York. The ability of the commuter to get to his place of business has a direct economic bearing upon the butcher and the grocer from whom he buys his food, the landlord from whom he rents his home or apartment, the tax collector of his home community, and all others who share in the distribution of his earnings for the necessities of life.

The problem is especially acute in the northern New Jersey communities which are part of the New York metropolitan area, because of the necessity of getting these many thousands of people from New Jersey across the Hudson River within a few hours in the morning and back again within a few hours in the evening.

It may interest you to know that, although the number of passengers crossing the Hudson River by all means of transportation has been surprisingly stable, during the past 25 years there has been a marked change in the type of transportation employed by these commuters. The use of buses and automobiles has increased greatly, due in a large measure to the construction of such facilities as the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, and a vast network of highways leading to them. The shift in the travel habits of our people has caused a 50 per cent decline in the use of rail transportation by commuters during the past 25 years. It has brought in its wake staggering problems, such as the intolerable traffic situation in New York City and the deterioration of rail transportation because of the inability of the carriers to keep their facilities at anywhere near satisfactory standards because of the lack of adequate passengers.

In spite of the increased use of the automobile and buses, some seventy-nine thousand people, as I said before, still use rail facilities to get to their place of business every day. To the vast majority of them, the rails are a must. Without them, the means of getting to work would simply be non-existent. Even if we were to assume that this vast army of rail commuters could find a substitute

in the use of the automobile or bus, the inevitable results would be (1) a tremendous increase in crossing facilities and highways to handle the increased automobile traffic, which of course could only be built at enormous public expense, and (2) an utter strangulation, trafficwise, of the City of New York and the approaches leading thereto.

It was to try to find an answer to this vexatious problem that the two states joined in the creation of the Metropolitan Rapid Transportation Commission which, for almost three years and at a cost of approximately a million dollars, has been striving through the employment of outstanding experts in the field to find such a solution. It was the first joint effort to do so.

I said before that the statute which created the Commission charged it with the duty of studying not only the present but the prospective needs of rapid transit in the metropolitan area. That is exactly what the Commission has done, and the results of its labors are contained in the report which was filed with this Legislature and the Legislature of New York, as well as the Governors of the two states, in January of this year. The findings contained in the report might be put in two classes: (1) a definite proposal that a Metropolitan Rapid Transit District be created by the Legislatures of the two states, which district would have the power to determine upon a physical plan and a method of financing it, and to put such a plan into operation, but only after it had been approved by the Legislatures of the two states. It is to implement that finding that Senate 50 and Assembly 115 were introduced. Those bills provide for that and nothing more.

The second class of findings in the report were certain recommendations as to the physical plan which, in the judgment of the Metropolitan Rapid Transit Commission on the basis of studies made by its consultants, seemed to it to be the most feasible, ultimate solution of the problem.

It cannot be emphasized too strongly, however, that these recommendations are in no wise binding upon the proposed district, which is absolutely free to accept them in whole, to accept them in part, or to reject them. Furthermore, the Metropolitan Rapid Transit Commission made no recommendations as to the method of financing any plan that the district should adopt, feeling that that was a matter solely for the district to determine.

What is before Assemblyman Crabiel's Committee on Highways, Transportation and Public Utilities is a consideration of Assembly 115 and Senate 50, and nothing more. Those bills merely provide for the creation of a Metropolitan Rapid Transit District of New York and New Jersey to include ten New Jersey counties and three New York counties. They provide that the State of Connecticut may become a party at any time it desires by the adoption of concurrent legislation. The governing body of the District shall be a council composed of 32 representatives, 16 from the State of New York, 16 from the State of New Jersey. Appointment to the Council shall be made by the governing body of the respective counties on the basis of one representative of the Council for each 500,000 of population, or a fraction thereof, with the proviso that the first members of the Council shall be apportioned in the manner set forth in the bill. The basis of the

apportionment of the original membership was that of the population figures of the component counties projected to the year 1970. The Council is empowered to provide for the organization and conduct of its business and for the selection of a chairman and other officers from among its members. It is also empowered to provide for the appointment of six directors, who, together with the Chairman, shall constitute the Board of Directors of the District. The bill contemplates that this Board of Directors shall carry on the essential work of the District, subject to the approval of the Council. When and as authorized by concurrent legislation, the District may adopt a general plan for the acquisition, construction, and operation of transportation facilities, and the method or methods of financing such plan.

In the event of a public emergency caused by the actual or imminent suspension of one or more facilities for suburban service as found and declared by the Governors of the states, parties to the contract, the District shall, upon such declaration and upon direction by the Governors, prepare and submit to the Governors, legislators, and county governing boards, an emergency plan to maintain such suburban service. Such an emergency plan or any part thereof shall take effect only in accordance with the terms when adopted by concurrent legislation.

In the preparation of the general plan, the Council, Board of Directors and officers of the District shall - and let me emphasize this, gentlemen - consider the reports, recommendations, and supporting documents of the Metropolitan Rapid Transit Commission, the studies and recommendations of

state, regional, county and municipal planning agencies, and the plans and projections of other public bodies and privately owned carriers related to the means of public mass transportation within the District. The District must transmit its general plan to the Governors and legislators of the state affected and that plan must be approved by concurrent legislation of the states before it can become effective.

The District cannot borrow money, issue bonds, pledge the credit of either state, or impose any obligation upon a state or upon any county or municipality, unless or until such power shall be expressly granted by concurrent legislation or by the consent and agreement of any county and municipality. Either state may withdraw from the compact in the event that a general plan shall not have been approved by both states within two years after the convening of the first meeting of the Council.

In addition to its other powers, the Council is empowered to survey and study the origin and destination of passenger travel within the Metropolitan District by all of the various means of transportation, and the capacity, adaptability and best utility of each of such means of transportation.

There is not a word in this bill which makes any recommendation of the Metropolitan Rapid Transit Commission binding upon the District. It is required merely to consider the report of that Commission along with the studies and recommendations of state, regional, county and municipal planning agencies, and the plans and projections of other public bodies and privately-owned carriers related to the means of public mass transportation within the District.

It is absolutely free to adopt the recommendations of the Metropolitan Rapid Transit Commission or to reject them entirely, as I have said before. Whatever it does is a matter of its own free and untrammeled choice, subject only to the approval of the Legislatures of the two states which must approve any plan or any method of financing a plan before it can become effective. The net result, therefore, gentlemen, of the legislation which your Committee is considering today is to provide an agency which can do more than merely study this admittedly difficult problem. All agencies which have dealt with it in the past, including the Metropolitan Rapid Transit Commission, were empowered only to study and to make a report. Not one of them has been authorized to do anything toward effectuating a solution of the problem. The Metropolitan Rapid Transit Commission has completed its work. As soon as a few loose ends can be taken care of, such as the disposition of its records, it will formally cease to exist. That will be accomplished certainly not later than the end of this year.

It is most unfortunate that an earnest effort to solve this problem has not been made long ago. It was serious enough to cause this Legislature to create the North Jersey Transit Commission in 1922 - 36 years ago. In the interim, as I have heretofore pointed out, numerous studies have been made, but nothing has been done, while the problem has become progressively more and more acute. The time to talk has passed. The problem now is of such pressing importance that not a moment must be lost in solving it. The legislation which you are considering will be a long forward step toward the final solution of the

problem. It will at least bring into being an agency which will have the power not only to consider the problem but to do something about it. A bill for the creation of this District has already been passed by the New York Legislature and signed by the Governor of that State. It has been passed by our Senate. I earnestly submit that it should be passed by this distinguished body.

The only alternative which I can see is that of utter chaos and a complete breakdown of mass transportation facilities in the area.

I am very much obliged to you.

CHAIRMAN CRABIEL: Thank you very much, Mr. O'Mara.

Are there any questions?

MR. O'MARA: Mr. Chairman, Mr. Charles Tuttle, a very distinguished lawyer from the State of New York, who is Co-Chairman of the Metropolitan Rapid Transit District, would like to say a few words before the end of the session today.

CHAIRMAN CRABIEL: Well, I think that he should speak first before we start the questioning.

All right, Mr. Tuttle.

MR. CHARLES TUTTLE: Lest it be forgotten that this is a bi-state matter, I acceded to the request of Senator O'Mara that I come over and give you the story which led to the passage of this bill by the New York Legislature and its approval by the New York Governor. I can be brief about it because most of this story is told in a few paragraphs in the report. Let me say that when we were formed in 1944, what we did was in no sense done in a corner or behind closed doors. We felt that this was a public question where the public was not only entitled to advise but where we should get all the

enlightenment that we could from all responsible sources.

I have been through a number of pieces of public legislation in New York as counsel for various legislative committees, and I have attended in their canvassing throughout the State at public hearings frequently. I know of no instance where so much public attention was invited and received as was invited and received by our Commission, beginning in 1944 and ending when we handed this bill to the Legislature of the two states in January 1958. We had practically three and a half years of open public consideration, in which, unfortunately, we did not hear from certain organizations on both sides of the river from whom we are now hearing.

I turn to page 18 of the report and begin there: "In the Commission's public hearings held in New York and New Jersey in June and September 1957" and I will say that they were the later hearings. There had been any number of public hearings and private hearings prior thereto, but in June and September 1957 we had two very large hearings on each side of the river because, in May 1957, the reports of our distinguished engineers - the best that the nation afforded - had been submitted to our Project Director, and our Project Director pursuant to the requirement had made a coordination of those reports and submitted them to our Commission, and we felt at that time that before our Commission made up its mind as to anything, it should hear from the public on both sides of the river as to what it thought about the reports of the engineers and the coordination thereof by the coordinator.

Now, that has given an opportunity to those in opposition to present their opposition as if our Commission

had adopted the report of the engineers and the coordinator and had committed itself thereto. We have been trying to make it plain on both sides of the river that that was not the action of the Commission and is not the position of the Commission today. But there is so much interest in fighting men of straw that we can't get that man of straw to lie down. He's been all over the place today, just as he has been all over the place in New York.

So having the report not of the Commission but of the coordinator and the engineers, we held these two public hearings to get the reaction, and this is what the Commission's history of that event is. "In the Commission's public hearings held in New York and New Jersey in June and September, a great majority of the views presented by leading citizens and organizations in both states approved and supported the recommendation that"- now please listen to this - not the report of the Project Director, not any other estimates as to deficits or construction or capital costs, not any report of any of the engineers, but I repeat: "a great majority of the views presented by leading citizens and organizations in both States approved and supported the recommendation that as the first order of business in achieving a solution of the problem, a new permanent bi-state Metropolitan Rapid Transit District should be established which would have all the necessary powers including the availability of public support to undertake a program of maintaining and improving commuter rail transit in this area."

In New York we have been able to distinguish between that thought as the first order of business; namely, that their creation of a Metropolitan District which would have

the power to do what our Commission did not have; namely, the power tentatively to negotiate and put together a general plan, calling in for that purpose all of the municipalities, all the railroads, all the bus lines, and every other interest, and then have a general plan which the District could do nothing with unless the two Legislatures by concurrent action approved thereof.

In New York we have been able to distinguish between that first order of business and the confusion that necessarily is created by saying that our Commission has put itself behind something which it hasn't put itself behind; in other words, we have finally rejected the man of straw. Now, let me deal with some of the statements that were made about New York by Mr. Lehman of the Regional Council a few moments ago. I have difficulty in recognizing them, but while these public hearings were in foot, I personally with other members of the Commission had several conferences with Mayor Wagner, to begin with, and at those conferences there sat in Mr. Preusse, who is this man's superior, and we explained the situation to him; we explained that it was the first step that we were undertaking. Now, it is a fact that we asked the Mayor to either attend or send a representative to these public hearings which we were holding on the background of the Project Director's Report, and he sent Mr. Preusse, a man who is the superior of the gentleman who spoke here a few moments ago and who left the impression that nothing was known by the Mayor and Mr. Preusse and that, therefore, there happened the strange phenomenon that every Senator and every Assemblyman from the entire City of New York, irrespective of party,

voted for this bill. I think that fact carries great weight. We were able to make the distinction in New York and without division of party every representative in our Legislature from New York felt that this was to be accepted as the first order of business.

Then again, our Commission - not only ours but Senator O'Mara and others had several conferences with Governor Harriman at his house in New York, at his mansion in Albany, and otherwise, and we went over this situation before this bill was even enacted by the Legislature, and we pointed out that the opposition was raising men of straw, that we were engaged only in getting ahead with the first order of business, which was to set up a regional bi-state body that could conduct tentatively, and subject to approval by both states, the necessary negotiations for a general plan.

Now, it is a fact, as stated here by one of the speakers, that Mayor Wagner's representative, Mr. Preusse, at our June hearing, stated that he thought that for the purpose of handling deficits - not at all with reference to this first order of business - but for the purpose of handling deficits, because ultimately deficits will come, as everybody agrees, the two states should undertake to pledge their credit as states for those deficits. Our bill does not undertake to do that, and the Mayor knows that.

Now let us see what in New York that would mean. In the first place there would have to be a Constitutional Amendment before that could be done. A Constitutional Amendment can be accomplished in New York only in one way, and that is the passage by majority vote of a joint resolution in two successive Legislatures - not two sessions

of the same Legislature - but two successive Legislatures with an election intervening, and then there must be a referendum. Now, I'm not the seventh son of a seventh son and I'm not prepared to say whether Buffalo, Onondaga, Rochester, and so forth, would vote in the referendum to put the credit of the State of New York behind, any more than I would undertake to say whether, if you had a referendum in New Jersey, Camden and the lower portions of New Jersey would so vote.

Now, consequently, there were but three dissenting votes in the entire Legislature - none from New York - and except for those three the bill went through on a bi-partisan basis, and don't let anybody tell you that it sneaked through because of concealment. I tell you, gentlemen, right now that there was no better advertised bill at public hearings and otherwise in the State of New York than this one.

Now, let me refer very briefly from the point of view of New York to this first order of business as we understand it. After all, New York's understanding of this situation has some relevance, and this report, under the head of "Recommended Legislation" contains the definition which we understand. Says the report there, - this is page 37, sir - "it is obvious to the Commission that the development of a sound and permanent solution requires a step by step progression" - let me pause there. I hear instead the other proposal, turning it around - the proposal, we will say, of the Regional Council that everything should be thrown in in one grand regional pot. Well, I've carried through for many years. My health is good, but I am not sure that I will live long enough to see any consequence of practical

importance coming out of that measure and method of approach. Although, of course, we welcome everything that can be done in this situation. But we approached it on the basis of a first order of business, a step by step, in order to insure public understanding and acceptance. It is for this fundamental reason that the Commission has recommended as the first step the creation of a Metropolitan Rapid Transit District of New York and New Jersey, with certain governmental powers to bring about a general plan and until such general plan is approved by both Legislatures concurrently, that District has no power at all.

Now, let me call attention to one thing further that we in New York understand. It has been said here that this bill commits New Jersey.- and if it commits New Jersey, it commits New York - to the Page Report to I forget how many hundreds of millions as the figures have been thrown around here, to deficits of twelve, twenty million or whatever the speaker chose to suggest. Of course, there is nothing in the bill and we in New York so understand it and that is the reason why it went through the Legislature as it did after full public discussion because this report says in so many words, "The Commission recommends that the question of costs," - this is page 36 - "both capital and annual deficit, be left for further development of the general plan by the new Metropolitan Transit District which can be submitted for the approval of the respective Governors and Legislatures of the two states upon the firm basis of completed negotiations which the District should be authorized to undertake." There, gentlemen, you have the whole story in that one sentence. That's it. And that's

all there is in the bill. Now I have listened with interest to two efforts to interpret this bill as tying in the whole Page Report and all the figures, all the costs, all the deficits and everything else. One of them was by one gentleman reading from page 51 of our report under the heading of Section 3 of the bill, 3.13, he read down to a comma. Well, I can say that pretty nearly anything can be accomplished by reading down to a comma. Even the bible can be made to advocate the devil by doing that. He read as follows: "In the preparation of such a plan, the council, board of directors and officers of the district shall consider" - it didn't say "adopt", but simply says "shall consider the report, recommendations and supporting documents of the Metropolitan Rapid Transit Commission" and he stopped there. He said, "You see, the bill has a sleeper in it; it commits itself to that plan." If he had gone on he would have read beyond the comma, "...the studies and recommendations of state, regional, county and municipal planning agencies, and the plans and projections of other public bodies and privately owned carriers related to the means of public mass transportation within the district." Our Legislature read beyond the comma.

And then, another gentleman said here, "Ah, well, here is the sleeper. It's over on page 46 in Article 1 which recites legislative findings and policy." He read, "Such an agency" - that is, the Metropolitan District - "would employ the fiscal resources of the region for such public support as may be voted by local representatives, and within the limits of authorization by the legislatures of the two states." "Ah," he said, "region; that word, of course, means just those

choice counties over in the northern part of New Jersey and three counties in New York." It means nothing of the kind. The region refers to the metropolitan area. If you look above there, you will see the word "regions" in the plural used in the same sense with reference to other metropolitan areas throughout the United States and you will find the word "area," "area," "area" used constantly. So let's be fair with the bill while we are about it.

Now I don't intend to repeat what Senator O'Mara has so ably presented because the hour is late and it would be a repetition. But I want to say this, gentlemen: The New York Legislature and the Metropolitan Rapid Transit Commission are not unaware that the Port Authority is there, not unaware at all. And there isn't a solitary word in this bill which prevents the District, when set up - and I am glad you asked that question because you got from Mr. Tobin the answer which I expected from an honorable man - to wit, that there was nothing in the bill which prevented the District from endeavoring to negotiate with the Port Authority or to propose to the Legislatures a plan concerning the Port Authority. Now let's have that in mind. We couldn't do that because we are merely a Commission to study and make a report. We have no negotiating power; we have no power to arrange a whole general plan which would necessarily take in municipalities, railroads and all the other interests by some tentative negotiation with them. Furthermore, as to whether or not the Mayor's proposal in New York that there be a state underwriting, the bill itself provides both for the possibility of Federal underwriting and

state underwriting, both. That is to be considered by the District when set up.

Furthermore, let us bear this in mind, that the Legislatures have a power when they get the general plan to either take that amended general plan as proposed or to modify it in their wisdom. They are not confined merely to accepting or rejecting the general plan that comes out from the District. They can hear everything that has been said today.

Gentlemen, we in New York did this because we thought that this provided the first mechanics for getting together in progress on a matter that has been increasingly descending into an irreprievable crisis for the last twenty-five years. We offer you this as merely a first step, nothing else, as a means of mechanics for making of progress. I think you will recall that it was Archimedes who about 500 B.C. discovered the principle of the lever and he was so delighted with it that he said, "If you could give me a place to stand, I could move the earth." Well, all this is is a place to stand, nothing else. The Legislature will have to provide the fulcrum and the rod which makes the lever in the end. And that means you have the power entirely in your own hands. Don't send this back for more and everlasting talk, talk by people who haven't brought forward a single plan, talk by people who have only talked about possibilities and they haven't given us any dependable figures. We did what you told us to do. We got together all the plans that anybody who was responsible suggested. They are all in that book at length. We have collected them; we have laid them before you. And we have committed the District and you to none of them. We have simply asked that when the District is set up, those and any other plans

be considered in aid of forming a general plan. Thank you very much.

CHAIRMAN CRABIEL: Thank you, Mr. Tuttle. Are there any questions? Mr. Kesselhaut?

ASSEMBLYMAN KESSELHAUT: I have some questions. I don't know who to direct them to, Mr. Tuttle or Senator O'Mara.

MR. O'MARA: Suppose we stand side by each.

MR. TUTTLE: Well, we've stood side by side now for some three years.

ASSEMBLYMAN KESSELHAUT: On page 12 of the bill, the last section states: "This act shall take effect upon the enactment by the State of New York of legislation having an identical effect with this act." I would like your opinions as to the scope of any amendments that we could make at this time without having the legislation go back to New York.

MR. O'Mara: Well, it seems to me that any amendment which would substantially change this bill would invalidate the passage of the New York bill - not invalidate it, but would not have the effect of creating the District. You must remember that this is a compact between two states which must, when it is passed by the legislatures of the two states, be approved by the Congress, the Federal Congress. The legislation has to be substantially identical. I would have to know what kind of amendment you had in mind before I could pass any judgment on that at all, Mr. Chairman.

ASSEMBLYMAN KESSELHAUT: Dealing with the Legislative Findings and Policy, a question as to amendment of those without having to go back to New York State. On page 2 of A-115, which I have in front of me, line 22, beginning there the bill states: "In view of the experience with rail rapid transit operations in all other comparable regions, as reported by the Metropolitan Rapid

Transit Commission, a new agency could not provide such facilities in this area without an income deficit, and could not finance itself solely on the credit of its fares and other revenues." Now, that, of course, is a finding of the Legislature, and policy, and wouldn't that be binding upon this new District?

MR. O'Mara: Well, it's not an enactment in the bill. It's an expression of legislative policy. I would think that if this new District, when it was set up, could come up with some kind of a miraculous discovery as to how these transit facilities could be operated at a break-even point, that you certainly could take advantage of that without regard to what this expression of legislative policy was.

ASSEMBLYMAN KESSELHAUT: Do you think, Senator, that that could be omitted from the bill without having to go back to New York?

MR. O'Mara: I don't know about that. How do you feel, Mr. Tuttle?

MR. TUTTLE: Let me say this first, before I directly answer the question: I think, if I may respectfully say so, that it's a bit academic because it is merely a recitation of a survey. One of the things that we did with the greatest care, with the best experts we could find, - we went over all the regional areas of the United States and Canada, anything that was at all comparable, and there wasn't one of them - you gentlemen can take judicial notice of this - there wasn't one of them which didn't find some way of subsidizing the suburban commuter service because it had to be subsidized if it was to exist. Now, those subsidies took various forms - out-and-out, leases instead, or a tax exemption, all those kind of points. You won't find one

of them, no matter how much you investigate, I'm sure, that operates its suburban commuter service at even a break-even.

ASSEMBLYMAN KESSELHAUT: Well then, dealing with the next paragraph after that, and you referred to it, Mr. Tuttle, in your remarks, about a regional agency - "Such an agency would employ the fiscal resources of the region." Now are you talking there again of the metropolitan region, the northern counties of New Jersey?

MR. TUTTLE: No. We were talking there, as we did with the word "region" in the preceding paragraph and as we do elsewhere, to the Port, when we are referring to the Metropolitan Area, and so forth. Perhaps the words could have been made a little clearer. Now, there would certainly be no objections, that I could conceive of, no illegality created, if, by an accompanying resolution in connection with the passage of this bill, it was stated that you were interpreting words as follows, if you think they are ambiguous or likely to involve trouble. Or you can state, I should think, that this particular sentence above, there at the top, about other districts, was regarded not as an expression of legislative commitment but as a recitation of what the Legislature was informed was a fact, subject to correction, if it can be found.

ASSEMBLYMAN KESSELHAUT: Now, dealing with some of the objections that we've heard in the past and some that we've heard today, the home owners in these northern counties, who are included in this new District, are, of course, concerned that additional property tax may be imposed upon them to pay these deficits. And these municipal officials, commuter groups and home owners have come before the Legislature and said that if this bill intends that or in the event any final plan proposed to the Legislature incorporates a tax upon home owners, that should be rejected. Now, in view of

that, should the new District labor and come up with something similar to that recommended in the Page Report; or should we not at this time state that the District consideration is to be limited, in the method of deficit financing, to other areas, other than a tax upon real estate, so that these home owners in these areas will be satisfied that they will not be taxed to pay these deficits? What I'm saying is, shouldn't that be incorporated in here at this time?

MR. O'MARA: May I answer that?

MR. TUTTLE: Yes, go ahead.

MR. O'MARA: My thought on that, Mr. Chairman, is this, that a restriction of that kind in the bill itself would clearly negative, in my judgment, the effect of the passage of the bill in New York. In other words, you would not have identical legislation. I would see no objection whatever, however, to you passing this bill in its present form, or without any substantial change, and at the same time adopting either a House Resolution or a Joint Resolution of this Legislature, expressing your views on that and expressing to the District your idea that this does not commit the District to the so-called Page Plan, and if the District comes back with the Page Plan it will be rejected. But I do think that a restriction of that kind in the bill would negative the effect of the passage of the bill in New York.

MR. TUTTLE: Let me point this out, Mr. Chairman: We are as sensitive to the paying of taxation in New York as you are in New Jersey. And the same situation will apply. But I am bound to point this out: This crisis is more than a mere question of serving 75,000 New Jersey commuters, as important as that is. It's getting to be a question of splitting the

metropolitan area, which is an economic unit, - splitting it down the Hudson River - and thereby weakening the position of pre-eminence of this Port in connection with the hot competition, as we know, with other Ports on the Atlantic Seaboard, and Chicago with the seaway. We can't afford to do that. Now, what's happening in New York? You know that we are building gigantic cities reaching to the sky, on Manhattan Island. The place is studded with new buildings going up. And what is the consequence? Are we getting the staffs from New Jersey for those buildings, as we used to? You only have to look at the tragic fall in the use of the Hudson & Manhattan to see that we're not. We have immense areas in Long Island, West Chester and Putnam, where people are coming from all over to establish their homes, to be workers in these great cities in the sky on Manhattan Island. Now you know that Jersey commuters are taking over a billion, perhaps two billion, out of Manhattan. If they can't get there, their places will have to be filled somehow. And I've only to point out, anybody who studies the situation, that a vast population is moving over to establish new homes. Now, we in New York, notwithstanding that, have offered this. You can, of course, put resolutions, as the Senator suggests, as long as you don't make them legislative restrictions. The moment you do that, you would have a legal question which would throw the whole thing into the courts, to say nothing about the possible reaction of the New York Legislature, because, you see, the bill itself provides that either state can withdraw after July 1959. -Oh, two years after the first meeting of the Council. Yes, I'm wrong about that. Two years after the first meeting of the Council.

ASSEMBLYMAN KESSELHAUT: But at the same time, Mr. Tuttle, we wouldn't want the District to labor and come up with a plan

that would not be acceptable.

MR. TUTTLE: I'm not suggesting that. I thought, like the Senator, I was pointing a way for a possible legislative restriction which would not be an amendment of the bill. I don't mean restriction, I mean expression of opinion.

ASSEMBLYMAN KESSELHAUT: Well, we're dealing with a deficit here and if the deficit is not assessed against the region or against the counties involved, the only other method that I would see would be a state-wide subsidy. Now, that being the case, why is it that the members, 32 members, - I'm only concerned with the 16 New Jersey members, I'm not concerned with the New York Representatives - but why is it that the 16 New Jersey Representatives are chosen from the ten counties of New Jersey? Why is it on a county basis and not on a basis of appointment by the Governor of the State?

MR. TUTTLE: It was for this reason, at least as I understood it, - I'll express my view and state that the view appealed to me very much. We felt that this would give local sentiment and opinion the opportunity to strike a balance in the formation of the general plan between the services which they would desire and the cost which they might assume. In other words, that it was a democratic process; it wasn't anything like taxation or otherwise without representation. They had the say and they have the first say. If your 16 counties in New Jersey do not agree with the 16 votes in New York, then there is no general plan.

ASSEMBLYMAN KESSELHAUT: Well now they say, Mr. Tuttle, that they don't want that. That is, they don't want to have to determine what deficits are going to be assessed against them. They feel that the deficit, if any, should be on a state-wide basis. So now I ask whether there is any reason, in view of the expressions

of opinion that we've had, to continue on a county representative basis.

MR. TUTTLE: Well I have said, as far as New York is concerned, - I won't project myself into New Jersey Constitutional Law, but I have said that as far as New York is concerned, you couldn't even have that submitted to the people for three years. We have a Legislature that has just been elected. It goes into office on the 1st of January. Its first session is January 7th. It can pass a joint resolution proposing just that, but another legislature, two years from then, has to be elected and pass an identical joint resolution. And then that goes on the ballot another year from then.

ASSEMBLYMAN KESSELHAUT: Well, does the payment of the deficit have to be the same in both states?

MR. TUTTLE: No, but --

ASSEMBLYMAN KESSELHAUT: If New York decides to have it on a regional basis --

MR. TUTTLE: What you refer to is state-wide?

ASSEMBLYMAN KESSELHAUT: Yes.

MR. TUTTLE: I am saying that as state-wide, the Mayor's suggestion.

ASSEMBLYMAN KESSELHAUT: I am saying this, that if New York is satisfied - I am not concerned with New York at this point - if New York is satisfied with its representation, with the method in which the directors are appointed, and so on, is it necessary that any deficit be the same in both states? That is, couldn't a deficit be assessed to the New York counties and a deficit in New Jersey be assessed on a state-wide basis?

MR. TUTTLE: Well, I'm not the seventh son of a seventh

son but I doubt whether the counties in New York, seeing that the whole of New Jersey accepted the burden would be content with taking that burden on their own shoulders.

MR. O'MARA: May I say on that score too, Mr. Chairman, that is not that a question for this District to wrestle with? In the first place, we don't know how much of a plan this District is going to come up with, whether it's going to be a step-by-step progression, - nobody expects that this $500 million loop that everybody's been talking about is going to be adopted right away, if ever. It might be that this District will come up with just enough to keep the facilities from collapse, from year to year progressing a little bit each year. In that case the size of the deficit, I should think, would be very, very small. The deficit cannot be fixed until we know what kind of a plan there is. Now, if the District came up with a small annual deficit, and New York wanted to finance it in one way and New Jersey in the other way, I would see no difficulty about including that in the plan which the District would submit and if the two legislatures agreed on it, well, all right. But I can foresee this, as far as our own State is concerned, the northern part of the State is vitally concerned with this problem; the southern part of the State has a problem of its own in the Camden-Philadelphia area, as you all know. Now, to get state-wide support for a referendum, and it would have to be a referendum, as you know, we wouldn't require Constitutional amendment over here but we would require a referendum authorizing the pledging of the credit of the State, or the issuing of State bonds to finance any deficit. I would think that it would be most difficult to secure the support of the southern part of the State to such a referendum. But that is

a problem, as I see it, and one of the many problems that will have to be met as we go along, and the District, in my judgment, is the ideal agency to cope with that problem.

ASSEMBLYMAN KESSELHAUT: The southern representatives of the State are not represented on this District.

MR. TUTTLE: That's right.

MR. O'MARA: That is right, but in order to have a financing of the New Jersey portion of the deficit by the State as a whole, that would mean the issuance of State bonds or pledging the credit of the State for that debt; and that, as you know, under our Constitution would require a state-wide referendum. And I have very grave doubts whether the gentlemen in the Senate from the southern end of the State would be willing to vote for such a proposition.

ASSEMBLYMAN KESSELHAUT: Gentlemen, with reference to the provision on page 11, 4.5, dealing with a quorum, the bill states that: "A quorum of the council shall consist of a majority of those members who have been appointed and qualified within 30 days after the Congress consents to this compact." Doesn't that mean that 16 members of New York and 1 member of New Jersey can prepare plans?

MR. O'MARA: No. No. It means this, they would be a quorum but the Board of Directors, in the first instance, is going to prepare a plan subject to the control of the Council. In other words, the Council has the final say on the plan that is to be submitted to the Legislatures. Of course, if our Boards of Freeholders appoint 16 members of that Council who aren't going to show up at that very vital meeting, sure they could be out-voted by New York.

ASSEMBLYMAN KESSELHAUT: Doesn't it only require a majority of the 32 or 17 votes?

MR. O'MARA: To what?

ASSEMBLYMAN KESSELHAUT: For any plan?

MR. O'MARA: I would say so, yes, for the approval of any plan.

ASSEMBLYMAN KESSELHAUT: If you had 16 of your New York representatives agreeable to a plan and only one representative from New Jersey, possibly from a - we'll say, Somerset County which has one representative, that one representative could bind the entire State of New Jersey --

MR. O'MARA: No, no.

ASSEMBLYMAN KESSELHAUT: -- and then the plan, of course, would have to be submitted to the Legislature.

MR. O'MARA: Conversely, if the 16 members of the Council from New Jersey showed up and voted and one member from New York voted with them, you would have the same situation.

MR. O'MARA: What I want to know is why you did not recommend at least a majority vote from members from each state, before the plan is submitted to the Legislature.

MR. O'MARA: Well, we felt that a quorum of the Council would be sufficient because we felt that the members of the Council were going to be people who attend to their jobs and be there.

ASSEMBLYMAN KESSELHAUT: Yes, but assuming they were there, I'm asking why isn't it, if you had all 32 there and you had 16 from New Jersey, you did not require a majority of those 16, or say 9, to consent to any plan before it was submitted to the Legislature, so that you do not have, in essence, a minority report to the Legislature.

MR. O'MARA: Well, so far as I am concerned, I never thought of that and never thought it would be necessary because there is still the control of the two legislatures and I am certain our Legislature would not support a plan which had the approval of 16 New York members and one New Jersey member.

ASSEMBLYMAN KESSELHAUT: Well, that's the point I'm making, Senator. I don't want the District to recommend the plan to the legislature that does not have the majority approval, at least, of all of the District members.

MR. O'MARA: Well, isn't that a little bit academic, Mr. Chairman? because I can envision a plan coming to this Legislature which did not have the support of the majority of the New Jersey members of the Board wouldn't get very far.

ASSEMBLYMAN KESSELHAUT: On the negotiation of contracts by the District before the general approval of the plan, those contracts, I assume, would all be tentative subject to the approval of the Legislature.

MR. O'MARA: Certainly. Oh, yes.

MR. TUTTLE: Absolutely.

ASSEMBLYMAN KESSELHAUT: Now, even if this bill were adopted this year in New Jersey, it would still be necessary for Congress to act on it and that would be next year. Is that right?

MR. O'MARA: Any time after the 3d of January.

ASSEMBLYMAN CRABIEL: That's all.

CHAIRMAN CRABIEL: Mr. O'Mara, I just want to see if your interpretation of the word "regional" is the same as Mr. Tuttle's. As I understood Mr. Tuttle's remarks, the word "regional" in this case could encompass the whole State of New Jersey. Is that correct?

MR. O'MARA: The whole State of New Jersey? No, Mr. Tuttle didn't say that.

MR. TUTTLE: All metropolitan areas.

MR. O'MARA: All metropolitan areas.

CHAIRMAN CRABIEL: Wait a minute then. Let me go back. Mr. Tuttle was asked by Mr. Kesselhaut whether "region" meant these counties and he denied it and he said that "region" was a wide word and it could be used for the whole State. Now, let's clearly get that understood because I can't conceive that you ever sold this to the New Jersey Senate saying that "regional" meant the whole State.

MR. O'MARA: I didn't sell it to the New Jersey Senate, they loved it, they went for it.

CHAIRMAN CRABIEL: They did? From January to June they went for it.

MR. O'MARA: That's right.

MR. TUTTLE: No. I say that the word "region" means the whole metropolitan area.

CHAIRMAN CRABIEL: Well, it's very clear that the intent is here that the region is the counties that we are talking about and, therefore, the next question I come to - and I go back to Mr. Tuttle's remarks and he makes very light of this, he says: "This is just the first step." and "this is men of straw," and he says that all we want to do is perpetuate a Commission, but we have 18 pages of a bill that doesn't only perpetuate a Commission it supplies exactly what the Commission can do and it goes to great lengths on the fiscal policies that the Commission can do. Let's talk about the first paragraph that you quoted, and you said someone only quoted from a comma --

MR. TUTTLE: That's right.

CHAIRMAN CRABIEL: You say that "Such an agency would employ the fiscal resources of the region for such public support as may be voted." Now, our local people are worrying about the fact that those resources of the region can only be one thing - taxes on real estate. And I want to get clear from you two members of the Commission what your interpretation of "fiscal resources of the region" is.

MR. TUTTLE: Well, I can only speak for myself, and that is that I did not consider that those comprehensive words were limited to any particular area inside the metropolitan area or that they were limited to the use of taxation alone.

CHAIRMAN CRABIEL: Well, could I ask you what other fiscal resources of the region are there other than taxes?

MR. TUTTLE: Well, I think we have had quite a number of suggestions today. It's a question of where this new District would find them. I'm not going to get into a discussion about the Port Authority but I should suppose there were resources within the region.

CHAIRMAN CRABIEL: For example?

MR. TUTTLE: That's just an example. I don't approve those things.

CHAIRMAN CRABIEL: Yes, Mr. O'Mara?

MR. O'MARA: I assume that you are referring to page 2.

CHAIRMAN CRABIEL: True. That is a finding of fact of the Legislature and it is a directive to the Commission.

MR. O'MARA: Beginning on line 27 -"The problem of public transportation is essentially a joint problem of urban areas and their surrounding suburbs. Its solution in a manner most

consistent with the principles of local self-government can and should be accomplished through a regional agency - a metropolitan transit district." And now come the words that give you some trouble, as I take it.

CHAIRMAN CRABIEL: Yes, sir.

MR. O'MARA: "Such an agency would employ the fiscal resources of the region for such public support as may be voted by local representatives, and within the limits of authorization by the Legislatures of the two States."

Now, to me, that means what you think it means, but not exclusively. In other words, that is not an exclusion of other means of financing. For instance, 3.15 of the bill, powers and duties, auxiliary powers. "The district, in furtherance and aid of the powers otherwise conferred by this compact, may:" and if we go down to "f" - "Negotiate with any duly constituted agency of the government of the United States for such loans, grants, or other financial aids, as may be lawfully available to finance or assist in financing the cost of any authorized project or the cost of preparing detailed plans and specifications therefor, and to receive and accept such Federal aid upon such terms and conditions, and subject to such provision for repayment, as may be required by Federal law or as the board of directors may deem necessary or desirable. (g) Receive and accept such advances and appropriations toward its capital and operating expenses as may be authorized by concurrent legislation; (h) Exercise such additional powers -- " and so forth.

But to me that expression of legislative finding, that you referred to, does not mean certainly that the only method of financing that this District can resort to is the imposition of

tax on the municipalities in the District.

CHAIRMAN CRABIEL: Then let me ask you another question. Mr. Tuttle mentioned that in his opinion the Port Authority is not excluded from this bill. And I think Mr. Tobin mentioned this morning that in his opinion it wasn't. What is your opinion on that?

MR. O'MARA: I agree with both of them.

CHAIRMAN CRABIEL: Now let me ask you another question. This Committee has been criticized very strongly for supposedly delaying action on this bill but in January of this year this Committee prepared an amendment and the amendment was for this same paragraph that we are talking about - "Such an agency may employ the combined fiscal resources of the region, including such financial aid as may be provided by the two States and by counties and municipalities thereof, subject to such limitations as may be imposed by the respective Legislatures of the two States, and also by the Port of New York Authority, and other bi-state agencies or authorities, from resources thereof determined by the Legislatures of the two States to be in excess of their needs."

What would your opinion be of that amendment?

MR. O'MARA: Well, I would much rather see that by a resolution. I think that amendment might possibly affect the validity of the bill.

CHAIRMAN CRABIEL: You see, at the time we had this amendment ready to go and were ready to clear this bill, and it was the opposition of the Port Authority which stopped this amendment. And I am just trying to get straight on the record. This amendment, in my opinion, would do, if you are sincere in stating what Mr. Tuttle says, that you want to get this show on

the road and you want to get a commission and you want to get a first step, this would do it. But if it's as some of the opponents fear, that this is a Port Authority resolution, prepared to completely clear the Port Authority out - and as I read this bill, I can't agree with your statement that the Port Authority is in because the Legislature starts off with a finding of fact that they have read this Metropolitan Rapid Transit Report, and it seems to me that that's the whole bone of contention on this particular bill.

MR. O'MARA: Well, it's very clear to me, Mr. Chairman, that this bill - I agree with Mr. Tobin and Mr. Tuttle, that this bill does not exclude the possibility of the District negotiating with the Port Authority and trying to bring them in. As Mr. Tobin said this morning, if they do that they will probably be down here again telling the whole sad tale over again. And I assume that that's true. But that is something that's got to be fought out sometime and the only agency that can do it, that I know of, is this proposed District, or something like it.

CHAIRMAN CRABIEL: Well, why would you object to putting it in the bill?

MR. O'MARA: The only reason I would object to putting it in the bill is because I am afraid it might be held to not be identical or substantially identical legislation as passed in New York. And we have to have, in order to create a bi-state compact, identical legislation by the two states.

CHAIRMAN: Well, couldn't this legislation be amended and passed and sent to New York and give them a chance to vote on it in January, on the amended portion? That wouldn't delay the time table. If it had unanimous support in New York, certainly

an amendment like this shouldn't disturb it.

MR. O'MARA: I can't talk for the New York Legislature. I don't know what their attitude would be.

MR. TUTTLE: I would hesitate to talk for the New York Legislature but it does seem to me that there is a very simple solution to the situation. I see your point, sir. If you adopt a resolution in connection with the passage of this bill, that you understand the word "resources" to include what you have just referred to, that is not a formal amendment of the bill but an expression of the understanding of the New Jersey Legislature as to the meaning of words. Now, I can't conceive that there could be any question about the rightness of that understanding since Mr. Tobin and my colleague and myself have assured you that this bill does not exclude consideration of the Port Authority, and all that means, by the Metropolitan District when set up.

CHAIRMAN CRABIEL: Thank you. One other question. On page 11 of the bill, Senator O'Mara, that's where they talk about State and municipal credit excluded in the financing and they state there that no plan can be approved without the "concurrent legislation, or by the consent and agreement of any county or municipality." They don't say "and/or". Now my question to you is, it's entirely possible that the Legislature of New Jersey could vote a financing plan which would assess the City of Jersey City or the City of Newark to pay on a plan which they were dead-set opposed to and the only recourse they would have to fight that would be their delegation in the Legislature. Is that correct?

MR. O'MARA: That's right.

CHAIRMAN CRABIEL: Very well. Any other questions?

ASSEMBLYMAN KESSELHAUT: I have just one other question along the lines of a suggestion that was made earlier today by one of the speakers. In the event the Assembly should decide, for any number of reasons, that this bill is not the proper bill to solve this rapid transit problem, what would be your feelings about a direction from the Legislature - I assume it would be joined by New York - directed to your Commission, reactivating your Commission or continuing its life, to come up with a more acceptable bill to hold public hearings. Or do you feel that we should hold hearings here and New York should hold hearings there? Do you feel that your agency should be the one to come up with the bill?

MR. O'MARA: I'll talk for myself. I think we have done the very best we can. We've spent a million dollars on it. We're not going to get any more money to spend on it. I would be inclined to say, take our records and let somebody else have a look at it.

CHAIRMAN CRABIEL: Very well. If there are no other questions, thank you, Senator O'Mara and Mr. Tuttle.

This hearing will be adjourned to December 3, at 10:00 A. M.

* * * * * *

At the conclusion of the hearing a prepared statement was submitted by Joseph G. Eitner, Chairman of the Citizens United Transit Committee, together with petition urging the passage of A-115 containing approximately 7,000 signatures; also statement of Forrest K. Van Horn, Leonia, New Jersey, Chairman of the Northern Valley Commuters Association, together with petition urging the passage of A-115 containing approximately 3,000 signatures; also statement by James P. Birch, Chairman, Transit Committee of Bergen County.

Statement
of the
New Jersey State Chamber of Commerce
filed with the
Federal and Interstate Relations Committee
and the
Highways, Transportation, and Public Utilities Committee
of the
New Jersey State Assembly

Hearing on Assembly Bills 16 and 115 and Senate Bill 50
Monday, November 24, 1958

* * *

The Problem

Over the past twenty-five years there has been an increased number of people traveling within the New York Metropolitan Area. This increased travel has been characterized by expanded use of automobiles and buses for both commuting and non-business purposes, as has been the case in metropolitan areas throughout the country. At the same time there has been a decline in the number of railroad passengers which has resulted in the railroads eliminating some of the unprofitable lines and runs in an effort to reduce their financial losses on passenger service.

Meanwhile, existing highways became congested and additional road, bridge, and tunnel facilities were constructed which in turn have become overcrowded. Reduced railroad passenger service and congested automobile transportation can only mean growing social and economic losses for the entire Metropolitan Area.

Development of State Chamber Policy

The New Jersey State Chamber of Commerce has long been cognizant of this problem and for an equally long period has been concerned with its solution.

Acting on recommendations of business and civic groups, including the New Jersey State Chamber of Commerce and the New York Chamber of Commerce, in 1952 the States of New York and New Jersey established Metropolitan Rapid Transit Commissions.

During 1953, the Commissions, separately organized but acting in collaboration, held public hearings on the rapid transit problem in the Metropolitan Area. In 1954, the two Commissions were merged into a single bi-State agency, and the resultant commission was given the mandate to "study present and prospective rapid transit needs of the New York-New Jersey Metropolitan Area and develop, recommend and report as soon as possible measures for meeting such needs".

In the fall of 1954 the New Jersey State Chamber of Commerce and the New York Chamber of Commerce, on the invitation of the Metropolitan Rapid Transit Commission, formed a six-member Joint Committee on Metropolitan Rapid Transit. The purpose of this Committee was to keep the respective Chambers apprised of the steps the Commission was taking and to determine how best the Chambers could contribute to a solution of the problem. In pursuance of this purpose our Joint Committee had frequent meetings with representatives of the Commission between 1954 and the time of issuance of the Report of the Project Director in May 1957.

Upon issuance of the Project Director's report on May 23, 1957, the New Jersey State Chamber of Commerce scheduled for June 11 a meeting in the main ballroom of the Robert Treat Hotel in Newark to enable the business community and all interested parties to hear first hand from members and staff of the Metropolitan Rapid Transit Commission a report on the study and recommendations of the Project Director. The State Chamber sponsored this meeting as a service to its members and all others interested in the findings of the consultants and the recommendations of the Project Director.

On the occasion of a public hearing held by the Commission a week later, the State Chamber's spokesman stated, among other things, "At this time the New Jersey State Chamber of Commerce makes no commitment with respect to the merits of the proposals of the Project Director. This must await study by the appropriate committees of the State Chamber. . .

"It is our intention that the study to which the New Jersey State Chamber will subject the report will be constructive. There is no doubt that the problem exists and that a solution must be found. . ."

Thereafter the State Chamber's Committee on Mass Transportation subjected to careful study over a period of several months the report of the Project Director, the reports of the consultants to the Commission (whose work served as background for the Project Director's report), and the report of the Metropolitan Rapid Transit Commission, which was released in January 1958.

Recommendations of the State Chamber

In consequence of the study and deliberations of the State Chamber's Mass Transportation Committee, a policy was developed which found expression in a communication addressed on January 27, 1958 to the Co-Chairmen of the Metropolitan Rapid Transit Commission. We quote here four key paragraphs taken from that letter:

> The New Jersey State Chamber of Commerce wishes to indicate its approval of the proposal of the Metropolitan Rapid Transit Commission to create a Metropolitan Transit District of New York and New Jersey. The State Chamber is in general agreement with the draft of legislation recommended by the Metropolitan Rapid Transit Commission which, upon adoption by the Legislatures of New York and New Jersey, would create the proposed District.
>
> It is our understanding that, under the proposed legislation, the Metropolitan Transit District would be directed to develop and submit a general plan of mass transportation improvement for the consideration of the Governors and Legislatures of New York and New Jersey. Until approval of the plan by concurrent legislation, the District would not have the power to operate or construct any facilities. However, the District would be able to develop an emergency plan to meet a specific public emergency caused by suspension of an essential transportation facility, if it should be so directed by the Governors of the two states. Adoption of such a plan would require concurrent legislation by the two states. A 7-man board of directors would be responsible for the administration of the work of the transit District. This board of directors, appointed by a 32-man council, would be responsible for the organization and administration of the work of the transit District. For the first five years the new agency would carry on its work through an annual appropriation of $150,000 from each state.

> While apparently the proposed legislation would require the District to consider in its planning not only the role of rail operations in mass transportation but also the place of privately owned and operated bus operations, we feel that this requirement should be spelled out. Also, we feel that the legislation should make it obvious that the District would have no power to impose any obligation upon any county or municipality unless expressly granted by concurrent legislation of the two states of New Jersey and New York and by consent and agreement of the county or municipality in question.
>
> Obviously the State Chamber's approval of the creation of a District does not imply approval of any other of the recommendations of the Metropolitan Rapid Transit Commission. We take no position at this time with respect to any of the physical plans recommended by the Commission for solution of the problem of trans-Hudson mass transportation. We are pleased to note that the Commission's report declares that "the details of the final method of apportionment of any obligation" between the City of New York and the suburban counties "are matters for future development and determination by the representatives of the governing bodies of the new District."

Thus, the State Chamber of Commerce notified the Metropolitan Rapid Transit Commission of its approval of the establishment of a transit District with the proviso, however, that the District should have no power to impose any obligation upon any county or municipality except with the consent and agreement of the county or municipality in question. The State Chamber also stipulated that approval of the creation of a District involved no commitment with respect to any of the physical plans recommended by the Commission, or with respect to the method of apportionment of any obligation between the City of New York and the suburban counties.

On the same day on which the State Chamber sent its letter to the Metropolitan Rapid Transit Commission, bills were introduced into both Houses of the New Jersey State Legislature which are almost identical to the draft of recommended legislation contained in the January 1958 report of the Metropolitan Rapid Transit Commission.

Shortly thereafter the State Chamber of Commerce brought to the attention of the members of the Legislature its views with respect to these bills: Senate Bill No. 50 and Assembly Bill No. 115. Thus, on February 13, 1958, the State Chamber in

a letter to each member of the Assembly indicated its approval of Assembly Bill No. 115 subject to the following amendments:

(1) Amend page 11, section 4.2, line 9, by deleting "or" and inserting "and".

We suggest this amendment because we feel that the legislation should insure that the District would have no power to impose any obligation upon any county or municipality unless expressly granted by concurrent legislation of the two states of New Jersey and New York and by consent and agreement of the county or municipality in question.

(2) Also, while apparently the proposed legislation would require the District to consider in its planning not only the role of rail operations in mass transportation but also the place of other transportation media, including privately owned and operated bus operations, we feel that this requirement should be spelled out in A. 115.

(3) We further recommend that page 2, section 1.1, lines 22 to 26, be amended to read as follows:

"In view of the experience with rail rapid transit operations in all other comparable regions, the metropolitan rapid transit commission has reported that in its opinion a new agency would not provide and finance such facilities in this area solely on the credit of its fares and other revenues."

This amendment would place this paragraph of A. 115 in agreement with S. 50 and convert the statement with reference to deficits into an opinion of the Metropolitan Rapid Transit Commission.

The New Jersey State Chamber of Commerce today reiterates the position it made public on January 27 and February 13 of this year. That is, approval of Assembly Bill No. 115 subject to the above stated amendments.

As a corollary to this position the State Chamber hereby records its opposition to Assembly Bill No. 16 which would authorize and direct the Port of New York Authority to carry out the development of facilities for interstate rapid rail transportation of passenger traffic.

T E L E G R A M

1958 NOV. 24, 9:42 AM

FAIRLAWN, NEW JERSEY

ASSEMBLYMAN J. EDWARD CRABIEL, CHAIRMAN, NEW JERSEY
ASSEMBLY TRANSPORTATION COMMITTEE
ASSEMBLY CHAMBER, STATE HOUSE
TRENTON, NEW JERSEY

DEPARTMENT OF NEW JERSEY, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES, MET SATURDAY AND UNANIMOUSLY URGES YOUR PROMPT FAVORABLE ACTION ON THE TRANSIT DISTRICT BILL NOW BEFORE YOUR COMMITTEE

COL. CARL J. KOENIG, FAIRLAWN, N.J.

CRANFORD, NEW JERSEY

JOHN L. BRENNAN
MAYOR

November 18, 1958

Hon. Martin J. Kesselhaut
Chairman
Committee on Inter-state Relations
State House
Trenton, New Jersey

Dear Mr. Kesselhaut:

In connection with the pending public hearing on Transit District Bill (S50), known as Senator Jones' Bill, I want to go on record as being opposed to the passage of this bill. The views expressed by the Inter-municipal Committee for Better Rail Service, of which I am a member of the executive committee, set forth my convictions.

I don't know how it can be worked out legislatively, but I am of the firm opinion that the Port Authority should be encouraged as strongly as possible to solve this commutation problem as was originally envisioned when the Port Authority was set up.

We do plan to have our township attorney, Donald R. Creighton, Esq., represent us at the hearing in the event any developments occur in which we might be of help.

With all good wishes.

Sincerely,

John Brennan

(C O P Y)

PLANNING BOARD

THE TOWNSHIP OF MILLBURN

County of Essex

June 25, 1958

The Port of New York Authority
111 Eighth Avenue at 15th St.
New York 11, N.Y.

Att: Mr. Austin J. Tobin
Executive Director

Dear Mr. Tobin:

Acknowledging your letter of the 5th, I wish to state my appreciation to you for sending me a copy of the Commissioners' letter of May 29th addressed to Assemblyman Martin Kesselhaut, Chairman of the Committee on Federal and Interstate Relations of the New Jersey Assembly.

I have studied this letter carefully and weighed the reasons advanced by the Port Authority Commissioners for not wanting to assume responsibility for interstate rapid rail transport of passenger traffic between New York and New Jersey. After giving these reasons full consideration, I still feel that they are unsound and that the resolution recently adopted by our Planning Board recommending Port Authority operation of rail rapid transit facilities in the metropolitan area is the most feasible and practical solution to the generally recognized problem.

The reaction of the Port Authority is like that of a confirmed bachelor to the suggestion of matrimony. It is so antagonistic and pessimistic that its arguments impress one as being unrealistic and in the nature of "bogey-men" set up to scare people.

The Commissioners contend that to take over rail rapid transit would destroy the credit of the Port Authority and necessitate abandonment of its entire development program. Furthermore, they contend that, if it were necessary to increase tolls for other Hudson River crossings, an "intolerable burden would be placed on owners of automobiles, trucks and busses."

Both of these contentions are predicated upon permanent deficit operation. This premise is not necessarily valid. This traffic was once profitable. With tax relief, improved service and correlation with other interstate facilities under Port Authority administration, it does not have to be a deficit operation. Let us not forget that it has been competition provided by the Port Authority in the form of tunnels and bridges which has been at least partially responsible for the rail deficits.

As far as marketability of its bonds is concerned, the Port Authority has -- or could have -- a monopoly of river crossings in the metropolitan area, so that there is no question as to its ability to operate profitably and make its bonds attractive for investment purposes.

The inference that each individual project must be equally profitable is misleading. Geothals Bridge and Outerbridge Crossing for many years did not produce their proportionate share of revenue -- I doubt if they do yet -- but nevertheless they have had a logical place in the composite picture of area facilities.

On page 4 of the letter to Mr. Kesselhaut is the statement:- "The net revenues which the Port Authority can rely on if they are not diluted by transit deficits, have been the foundation upon which the Port Authority has undertaken $700 million of contractual commitments to carry forward a program of providing adequate vehicular facilities, arterial connections, waterfront improvements and airports to assure the continuing welfare and prosperity of the people of the two States." A significant omission is any reference to mass transportation facilities. Further along in the same paragraph there is a list of specific projects, including the second deck of the George Washington Bridge. It is interesting to consider that, when this bridge was built by the Port Authority, provision for the second deck was made by incorporating steel connecting plates in the bridge and that it was envisioned that the second deck would handle rail traffic. This provision indicates that rapid transit was originally considered a Port Authority responsibility.

On page 6 of the letter, the Commissioners seek to prove a lack of responsibility on the part of the Port Authority for all of the transportation facilities of the Port District and they cite the fact that no one is suggesting that it take over from the railroads their profitable freight operations. While this may be true today, it is conceivable that, with increased truck competition fostered by bridge and tunnel facilities, the time may come when relief may be needed in this field also.

In any case, it must be assumed that the motive which caused the legislatures of New York and New Jersey to enter into the Port Compact was to provide facilities to meet public needs. Certainly, it was not just to create a profitable operation for the investment of private capital.

We all know that adequate and efficient rail rapid transit for the mass movement of commuters in the metropolitan area is an essential need. In the past, when a need has been manifest, the Port Authority has not shirked its responsibility to provide the solution. Creation of a Metropolitan Transit District is not the answer. This would furnish the anomaly of two public authorities in active competition with each other at public expense.

Rather than concentrating on facilities for motor transportation which in some respects accentuate rather than relieve the traffic congestion of Northern New Jersey and New York City, I feel that the Port Authority should recognize the need for rail rapid transit facilities and provide them with its characteristic vigor. Granted it may be a complicated job with operational headaches; nevertheless, it has to be integrated with other transportation facilities under a unified administration and the Port Authority is the only agency with the delegated powers and the competence to do it.

Very sincerely yours

J.D. Clark.

JDClark:HRO

Chairman, Millburn Planning Board

PLANNING BOARD

THE TOWNSHIP OF MILLBURN

COUNTY OF ESSEX

MILLBURN, NEW JERSEY

November 18, 1958

Hon. Martin Kesselhaut,
11 Commerce Street,
Newark, N. J.

Dear Assemblyman Kesselhaut,

At meeting held on Wednesday, November 5, 1958, The Planning Board of the Township of Millburn in the County of Essex, reiterates the position taken at meeting held on May 7, 1958, as outlined in our Resolution, attached hereto, and we urge your support to N. J. Assembly Bill 16 and your opposition to N. J. Senate Bill 50 and N. J. Assembly Bill 115.

We feel very definitely that The Port of New York Authority should undertake the responsibility for inter-state rapid rail transit between New York and New Jersey.

Very truly yours,

Levi Price
Secretary

LP/B

Enc.

WHEREAS, the Port of New York Authority was created as a New York-New Jersey bi-state agency specifically to provide and operate transportation facilities between these two states, and

WHEREAS, various studies and reports have made it increasingly clear that improved rail transit in the metropolitan area is essential to the welfare of New York and New Jersey, and

WHEREAS, concentration by the Port Authority only on facilities for automotive and air travel will not solve the metropolitan transportation problem, and

WHEREAS, the Port Authority by reason of experience, organization, knowledge and financial strength is the logical agency to handle bi-state rapid rail transit, now therefore,

BE IT RESOLVED that we urge the Governors and Legislatures of the States of New York and New Jersey to direct the Port Authority to undertake the development of bi-state rapid rail transit facilities, and

That copies of this resolution be sent to the Governors of New York and New Jersey, to members of the New Jersey State Senate, to the members of the Essex County Assembly delegation, Board of Chosen Freeholders and appropriate newspapers.

I, LEVI PRICE, Secretary of the Planning Board of the Township of Millburn in the County of Essex do hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by said Planning Board at a meeting held on the 7th day of May, 1958.

Levi Price

LEVI PRICE, Secretary of The Planning Board

STATEMENT ON SENATE BILL 50 (TRANSIT DISTRICT)

(STATEMENT DELIVERED BY MR. HOWARD W. VAN NESS, VICE-CHAIRMAN OF THE MONMOUTH COUNTY PLANNING BOARD, AT A PUBLIC HEARING ON SENATE BILL 50 BEFORE THE HIGHWAYS, TRANSPORTATION AND UTILITIES COMMITTEE OF THE NEW JERSEY GENERAL ASSEMBLY ON MONDAY, NOVEMBER 24, 1958)

AT A REGULAR MEETING OF THE MONMOUTH COUNTY PLANNING BOARD ON MONDAY, NOVEMBER 17TH A RESOLUTION WAS PASSED AUTHORIZING ME TO REPRESENT THE PLANNING BOARD AND SUPPORT THE PASSAGE OF SENATE BILL 50 FOR THE ESTABLISHMENT OF A TRANSIT DISTRICT WHICH WOULD INCLUDE MONMOUTH COUNTY. THE MONMOUTH COUNTY PLANNING BOARD HAS LONG BEEN ACUTELY AWARE OF THE IMPORTANCE OF COMMUTER SERVICE TO MONMOUTH COUNTY AND THE ABSENCE OF ANY CONSTRUCTIVE COORDINATED PROGRAM TO IMPROVE SERVICE.

AT THE OUTSET I WOULD LIKE TO CLARIFY OUR POSITION BY STATING WE DO NOT SUPPORT ANY SPECIFIC PHYSICAL TRANSIT PLAN OR PROGRAM FOR FINANCING WHICH RESULTED FROM THE WORK OF THE METROPOLITAN RAPID TRANSIT COMMISSION, THEIR STAFF OR CONSULTANTS EMPLOYED BY THEM. SENATE BILL 50 DOES ONLY ONE THING AND THIS WE SUPPORT COMPLETELY. IT CREATES A PUBLIC AGENCY, BASED ON LOCA REPRESENTATION TO DEVELOP AND NEGOTIATE A PUBLIC PLAN TO IMPROVE COMMUTER SERVICE BETWEEN NEW JERSEY AND NEW YORK.

WHILE RECOGNIZING THE SERIOUSNESS OF THE RAIL SITUATION, THE MONMOUTH COUNTY PLANNING BOARD IS HELPLESS BECAUSE OF THE LACK OF AN OFFICIAL BODY TO COOPERATE AND WORK WITH IN A CONSTRUCTIVE MANNER. THE PASSAGE OF S-50 WOULD RESULT FOR THE FIRST TIME IN AN OFFICIAL BODY CAPABLE OF DEVELOPING A CONSTRUCTIVE AND WORKABLE PLAN.

A BRIEF REVIEW OF COMMUTER SERVICE AS IT AFFECTS OUR AREA WILL ACCENTUATE THE GRAVITY OF THE SITUATION AND EMPHASIZE THE NEED FOR IMMEDIATE ACTION. MONMOUTH COUNTY FORMS AN IMPORTANT PART OF THE NEW YORK METROPOLITAN REGION AND HAS BEEN EXPERIENCING A TREMENDOUS GROWTH

IN POPULATION. IN 1940 THERE WERE A 160,000 YEAR ROUND RESIDENTS, IN 1950 - 225,000, AND IN 1957 AN ESTIMATED 326,000. THE PROJECTION TO 1975 INDICATES A POPULATION OF APPROXIMATELY 600,000. OUR AREA IS NOT SELF-SUFFICIENT AND DEPENDS TO A GREAT EXTENT ON EMPLOYMENT IN THE NEW YORK METROPOLITAN AREA. GOOD TRANSIT SERVICE IS NOT A LUXURY FOR US BUT AN ABSOLUTE NECESSITY FOR THE EXISTING ECONOMY AND CONTINUED GROWTH OF THE AREA. THE TRAVEL TIME FROM MONMOUTH COUNTY TO IMPORTANT EMPLOYMENT CENTERS BY RAIL HAS REMAINED CONSTANT FOR THE LAST FIFTY YEARS WHILE THE FREQUENCY OF SERVICE HAS DETERIORATED. THE CONTINUATION OF PRESENT TRENDS COULD RESULT IN ELIMINATION OF COMMUTER SERVICE IN THE FORESEEABLE FUTURE. THE RAILROAD ADVISORY COMMITTEE OF THE MONMOUTH COUNTY PLANNING BOARD HAS DEVELOPED A SERIES OF PROPOSALS FOR COORDINATING AND MODERNIZING THE TRANSIT SYSTEM TO AVOID THE IMPENDING CATASTROPHE. TWO OF THE MAJOR PROPOSALS INCLUDED:

1. CONSTRUCTION OF A LARGE MODERN TERMINAL WITH ADEQUATE PARKING ADJACENT TO AN INTERCHANGE OF THE GARDEN STATE PARKWAY IN THE NORTHERN PART OF THE COUNTY. THIS WOULD BE LINKED TO OUTLYING AREAS BY BUS SERVICE, EXISTING FEEDER RAILROAD LINES AND AUTOMOBILE TRAVEL.

2. THE CONSOLIDATION OF STATIONS TO ELIMINATE MINOR STOPS, MANY OF WHICH REPRESENT OUTMODED STATIONS LOCATED IN CONGESTED AREAS WHERE IT IS IMPOSSIBLE TO OBTAIN ADDITIONAL PARKING.

WE SEE NO HOPE FOR ACCOMPLISHMENT OF THESE IMPROVEMENTS EXCEPT THROUGH A PUBLIC AGENCY ESTABLISHED TO OVERCOME THE DIVERSITY OF RESPONSIBILITY AND THE MULTITUDE OF GOVERNMENTAL JURISDICTIONS INVOLVED IN THE DEVELOPMENT OF AN INTEGRATED PLAN.

THE MONMOUTH COUNTY PLANNING BOARD MOST STRONGLY URGES THE NEW JERSEY ASSEMBLY TO ADOPT SENATE BILL 50 AS THE FIRST NECESSARY STEP IN DEVELOPING A COORDINATED AND MODERNIZED SYSTEM OF SUBURBAN TRANSIT BY RAIL AND BUS BETWEEN NEW YORK AND NEW JERSEY.

A STATEMENT BY THE PASSAIC VALLEY CITIZENS PLANNING ASSOCIATION

IN FAVOR OF ASSEMBLY BILL 115

TO CREATE A BI-STATE TRANSIT AGENCY

The Passaic Valley Citizens Planning Association is organized to provide technical services on a non-profit basis to the communities of lower Passaic County, south Bergen County and northeast Essex County to promote the sound and balanced development of the entire area. The Association maintains a staff of nine, including professional planners and trained researchers. Its budget of $60,000 is provided partly by contributions from our 200 memberships, mainly industrial, and by payments from local governments for technical services.

The Association has made rapid transit one of its important areas of interest. A Committee on Rapid Transit was established five years ago and I have the honor of serving currently as its chairman.

Our Rapid Transit Committee followed with great interest the work of the Metropolitan Rapid Transit Commission since the inception of this body. We ~~were~~ sought to be diligent in studying the reports of its various consultants in the course of the recently completed comprehensive survey of rapid transit in the New York region. At the conclusion of this study we sponsored a dinner meeting at the Hotel Alexander Hamilton in Paterson, at which Mr. Arthur Page reported on his findings and proposals as submitted to the

Metropolitan Rapid Transit Commission.

In the course of the year and a half that has elapsed since the Page Report was released, our Association has held a considerable number of discussions on this subject, including a number to which we invited firm opponents of the Page plan and exchanged views with them.

In the course of these deliberations, extending over more than a year and with the assistance of our professional staff, the Board of Directors of our Association formulated a point of view on rapid transit which was formalized by resolutions as the position of our Association. This point of view is summarized as follows:

1. The construction of an efficient rapid transit system linking North Jersey to Manhattan is vital to the economic health and prosperity of both communities.

2. The Page Plan, and its modifications as contained in the report of the Metropolitan Rapid Transit Commission to the Legislatures of New Jersey and New York, offers too little for too much. We consider the cost of the proposed loop excessive when weighed on the scale of services rendered, especially to the communities served by our Association.

3. We hold that it is necessary to give this problem a second look -- from an angle quite different than the Page analysis. The search for a different solution need not require a duplication of the surveys made in the recently completed "million dollar" study. This study has given us an exhaustive index of information on population, land use and economic

development. We favor a continuation of this study along these lines:

a) a program of experimentation over existing trackage with minimal capital outlay on right-of-way and maximal outlay for experimental equipment.

b) a research program to devise better rolling stock and controlling devices said program to be directed by an operating railroad man to assure their practicality of operation.

4. Such continuation of research and experiment should be directed toward a solution based on utilization and integration of existing rail facilities and rights-of-way, as a first step in a long range development of rapid transit system by stages rather than irrevocable commitment of vast sums to the construction of a complete system.

5. The Metropolitan Rapid Transit Commission has rendered a great service in focusing offical, and public, scrutiny upon this subject. However, the Commission has fulfilled its function and exhausted its usefulness. The continuation of this effort requires a new agency -- one that will possess two attributes:

a) Be unhindered by the partisanship engendered by the current controversy and, therefore, enjoy universal respect and confidence.

b) Be elected by responsible units of local government -- the Boards of Chosen Freeholders -- and, therefore, responsive to local needs and public opinion.

6. It is our considered judgment that such an agency can come into existence though the passage of Assembly Bill 115. We have a number of reservations on the administrative features of this bill and a vigorous objection to its method of allocating representation on the Transit District. However,

we consider the effect of its passage to be far more important than its shortcomings. The latter can be remedied by amendment either before or subsequent to passage. We fear that defeat of this bill will be followed by an interval in which inaction on the offical front and demobilization on the civic front will retire this issue from public view. This would spell the doom of rapid transit ~~and~~ in our generation -- and this is tantamount to saying "forever".

Respectfully submitted
Cowles Andrus
Chairman
Rapid Transit Commission COMMITTEE
Passaic Valley Citizens Planning Association

11/24/58

STATEMENT BY JOSEPH G. EITNER, CHAIRMAN CITIZENS UNITED TRANSIT COMMITTEE AT HEARING, STATE HOUSE, TRENTON, NEW JERSEY, NOVEMBER 24, 1958, ON ASSEMBLY BILL A-115

My name is Joseph G. Eitner, I am chairman of the Citizens United Transit Committee. We're a group of commuters on the West Shore Division of the New York Central System. Until 4 years ago, we didn't have any such organization. We were happy to board our trains in the morning and take them home again at night. Then we discovered that the New York Central wanted to discontinue our railroads and our ferries. The railroad didn't say it, but what they were doing, too, was trying to discontinue our way of life.

The Citizens United Transit Committee, during these last four busy years, has become, frankly, a pressure group. We are fighting to keep the trains running. We have worn pig masks to protest that pigs could ride the New York Central freight trains but that humans couldn't if they discontinue trains. Just a few weeks ago some of us wore fish masks to show that we would have to swim across the river if the regulatory agencies scuttle our West Shore ferry service.

I don't have the time, and you don't, either, for a fullfledged, blow-by-blow account of all our battles in the courts and commissions in the past 4 years. But let me say just this: It has taken us up to the Supreme Court and Washington, D.C. Commuters have been in Trenton and Newark many times -- and their bosses sometimes had objections--to testify in the many separate cases forced upon us by railroad petitions and actions.

At this very minute, we're waiting for the Federal District Court decision on whether the three judges will permit the West Shore ferry abandonment under terms of the Transportation Act of 1958. If the court rules for abandonment, this case, too, might go to the highest court of the land.

I tell you all this--and I know you're familiar with it--to help me make this point: commuters are hanging on to the ropes in Northern New Jersey. We have given up our time, passed out bulletins on lurching railroad cars, organized volunteer squads to call up our members when emergencies arose. We have donated thousands of dollars to help pay court expenses. The Public Utility Commission has often fought with us to protect the public, as has the Attorney General. Municipal Councils have contributed funds; so have the Freeholders of Bergen County.

All this effort could be wasted completely if railroads are successful in abandoning all passenger and ferry service before a specific rapid transit program is actually considered by Legislatures of New York and New Jersey. We might find ourselves ready to act on transit only after railroads have taken steps that might complicate the job or make it impossible. I'm thinking, for instance, of the New York Central action in ripping up its center tracks, leaving two sets of tracks where there had been four.

In other words, we commuters are more than just a group of stubborn suburban characters who like to take trains better than buses or automobiles. We take very seriously the warnings of the Metropolitan Rapid Transit Commission about incredible overcrowding of highways, buses, and parking lots in Manhattan if railroad service ends before there is satisfactory alternative service. We believe, at the risk of being immodest, that we commuters have contributed somewhat to the growing realization that some rail travel is the best way to solve our transportation problems.

And that brings me to this heap of papers on this table in front of me. I think, when you've had time to study it, you'll find it an interesting human document and a mandate from ordinary citizens of the State.

Two weeks ago, on a week-end, we commuters distributed this petition among our volunteer workers. They, in turn, passed them out on our trains. Riders were urged to give them to their friends.

The message was simple: the petition urges that a rapid transit bill be acted upon as soon as possible, and they think that the best bill is Senate Bill 50 --- which would establish a bi-state transit district. We were amazed at what happened after that.

Even though it was a week-end, we had 7,000 signatures in 2 days. Our signatures came not only from West Shore and other train riders, but from commuters and those who drive their own automobiles to work.

Gentlemen, 185 towns are represented among the signatures.

We think this shows that gradually more and more citizens in this State realize that every municipality--no matter how big or small-- has an important stake in the rapid transit question. Citizens want an answer, and they think this is a crisis that requires emergency action. Good

transit facilities can only improve present economic conditions in all Jersey towns; it cannot harm them, as some persons fear.

We commuters submit that this petition is a document worth much consideration on your part. We know the Legislature realizes its great responsibility in this year of crisis.

J O S E P H G. E I T N E R

To The Honorable, Governor Robert B. Meyner:

We, the undersigned, express alarm over continually increasing commuter fares, diminishing service, recent serious accidents, and lack of maintenance that can lead to serious accidents. We deplore the fact that unless immediate steps are taken, loss of all rail service is imminent, with resultant economic loss to both individual and community in the entire metropolitan area of New Jersey.

We do earnestly petition that immediate steps be taken to enlist the services of all State departments to work out a "crash program" of relief, pending establishment of a transit district. We further petition that you use your good offices to urge the New Jersey Assembly to pass its bill, A 115, immediately, to match a similar bill passed by the Senate, and meet existing New York State legislation, establishing a transit district.

We also petition that very serious consideration be given to State or Federal subsidy for the transit district.

NAME	ADDRESS	HOME TOWN	RAILROAD & STATION USED
M J Conover	207 Garfield Pl.	So. Orange	DL&W - So. Orange
[illegible]	P.O. Box 52	Ringwood N.J.	Erie - Midvale Wanaque
B [illegible]	316 Third Ave.	[illegible] N.J.	Jersey Central - [illegible]
A. Barbets	11 Lincoln Place	Rochelle Park, N.J.	Susquehanna - Rochelle Park
John A Wood	1214 85th St.	North Bergen, N.J.	New York Central (Weehawken)
S J Castellano	11 Tallen Dr.	Hazlet, N.J.	N.Y.&L.B. - Matawan
H A Simonsen	5 Kelly Pkway	Bayonne N.J.	Jersey Central West 8 St
Charles E. Ford	Brooklyn Rd.	Stanhope, N.J.	DL&W - Dover
John O. Ohmen	cor Alamo Rd.	Ridgewood N.J.	Erie - Ridgewood.
Stanley S. Clark	242 Linden Pl.	Nutley, N.J.	Hill Bus Line, Nutley
[illegible]	[illegible]	Paulsboro N.J.	Erie - Paulsboro
Frank D. Smith	106 Rothman Pl.	Jersey City N.J.	Jersey Central - New Brunswick
J. Jos McCambley	20 Terrace Ave.	Hasbrouck Hgts.	Erie - Rutherford
Edward [illegible]	1411-9th St.	North Bergen	Erie - Hoboken
Harry Lipsen	726 West Side Ave.	Jersey City, N.J.	H+M.R.R. - Journal Sq. Sta.

TO ALL WEST SHORE FERRY OR TRAIN COMMUTERS: This petition is addressed to Governor Robert B. Meyner, hence only NEW JERSEY RESIDENTS should sign. WE URGE ALL WEST SHORE COMMUTERS TO HELP, regardless of where you reside. WE NEED AS MANY SIGNATURES AS CAN BE OBTAINED, from rail or bus commuters, businessmen, or home owners.

Ask NEW JERSEY RESIDENTS in your office to sign, NO MATTER WHAT RAIL OR BUS LINE THEY USE. Loss of rail service will cause economic repercussion to everyone.

The Citizens United Transit Committee is cooperating with commuter organizations on the Jersey Central, Pennsylvania, Susquehanna, Erie, Lackawanna & New Jersey & New York, in this effort.

PLEASE MAIL YOUR COMPLETED PETITION TO: Mrs. Marjorie Zehrfeldt,
664 Hartense Ave.,
Teaneck, N.J.

Statement of Forest X. Van Horn, Leonia, N.J.
Chairman - Northern Valley Commuters Assn.

It is a matter of deep regret for me that I cannot be present to offer for your consideration such thoughts as I hold with reference to the very critical state of affairs in which commuting in New Jersey finds itself to-day.

Other matters prevent, despite the fact that the decisions reached here to-day can be regarded as being of the utmost importance to the future welfare of our Northern New Jersey area. Commuting, it seems to me, touches upon so many more facets of individual and community life than do many other problems of community concern.

Along with Mr. Frank Tilley of Wyckoff, it is my privilege to serve as temporary co-chairman of a newly-formed commuter group just now in process of being incorporated, called the "JERSEY COMMUTERS ASSOCIATION." It is for this commuter group that I speak to-day.

Our membership already exceeds 10,000 commuters who use the facilities of the Jersey Central, Pennsylvania, Erie, Lackawanna, New Jersey & New York, and Susquehanna. In addition to our intention to conduct an aggressive membership drive to enlist the more than 75,000 commuters who work in New York, we will invite into membership the many thousands of rail commuters who work in Newark, Elizabeth, Jersey City, and other urban areas. We are also negotiating with other existing commuter groups, asking them to share our common problem in the hope that we can present the commuter's side of our problem in a constructive, reasoned, unified and determined manner.

Perhaps largely because the commuter must work during those hours when debates are held on the problem of commuting, all too often everyone has his say but the commuter. In my case that could have been true to-day, were it not for my good friend, James P. Birch of Teaneck, who is serving in my physical stead, and who is not necessarily bound by my remarks.

Merchants and manufacturers, railroad men, those who serve in public office - in fact, every shade and persuasion of the mass public interest has his day on the rostrum, but the commuter. And all too often, because he previously lacked organization, the commuter was in the middle.

Not too long past that situation came about in Washington. A committee which came to be known as the "Smather's Committee" met to decide, among other things, what should be done about commuter trains. Every facet of the railroads' financial woes was discussed. Shippers, railroad men, and bus and truck operators all gave their opinions. Members of the Interstate Commerce Commission and other utility bodies took part; manufacturers, retailers and transportation experts were all present to say what they thought.

And to whom did they give their opinions ? To a senator from a state that does not have a single commuter train operating within its borders ! And even up to the time when they decided to come to some conclusion, no one thought to ask a single commuter what he felt about that phase of the problem that concerned him most - his ability to get to and from work without undue hardship.

The decision is a matter of public record. Whether those phases of that new law that touch upon commuter problems are in the best interests of the railroads - who, let us not forget, get the most business when the economy of the areas they serve is strongest - is a question yet to be answered.

Shortly after passage of this law, a rumor became current that Pullman cars were to be removed from trains operating between New York and Florida. What did the good senator from the latter state do ? Just what any public-spirited citizen would do. He inquired of the railroads what they planned to do.

The only significance that one might attach to this is that the senator proved ready to spring to the defense of the economy of his area when it was no more than vaguely threatened, and I can only wish that he had understood our problems from the same viewpoint before his committee recommended to Congress passage of a law that may prove most regrettable from the standpoint of the economy of our area, and commuting.

In the past, the needs of the commuter have become a matter of public record by some strange, remote-control osmosis. Other interests have presumed to speak for him, interpreting his needs in relation to their own. The result has been steady attrition of rail service and constant demands for fare increases.

As one service after another was abolished, fixed charges were transferred to remaining service, as required by the I.C.C. bookkeeping system, in itself a ready-made, self-accelerating plan for abandonment. As still more fixed charges were transferred, what used to be a train earning a comfortable revenue for its owner soon

became a red-ink headache.

Largely unorganized, little bands of commuters would rise to defend themselves only when they were critically concerned. And the I.C.C. and other utility bodies would look at these small groups and decide that inconvenience to them would not affect the larger situation of public convenience and necessity. So abandonments were allowed without regard to the fact that the very situation being discussed to-day came about !

Each of our commuter members has given us power of attorney in commuter matters. Certainly as a result we speak for the commuter in a manner more closely related to his problems than has been past experience when other group spoke for him, but only in relation to their own needs. But making our statement to-day much more representative of the commuter than even this authority vested in us is the fact that we have for presentation to this August Body the first of what we plan to make an avalanche of petitions addressed to Governor Robert B. Meyner. If this is not the place to introduce these petitions, we shall hold them for later presentation, but we at least offer them.

There are only 137 petitions in this initial batch, on which signatures thereon were secured by members of the "JERSEY COMMUTERS ASSOCIATION." There are 1080 signatures on these petitions. The initial distribution on just two Jersey Central trains and two on Erie's Northern Branch consisted of 1184 petitions, but in addition to this 137, there are another 160 returned, and in the possession of the chairman of our Jersey Central Division. These contain 2,000 names. Also returned, and at my home is another 100 containing 980 names. The latter two batches could not be offered to-day simply because we have not had time to excerpt the names from them to send a note of thanks to each one for signing the petition.

All told these 397 petitions, herewith or in our possession, contain 4060 signatures, an average of 10 names per petition. With an initial distribution of 1184 petitions, there are still 787 being circulated. And this is only the first, seemingly feeble effort.

Applying the mathematices of probability, the average of 10 signatures on each petition already received projects itself to an additional 7870 signatures when all are returned, from this first small effort. No distribution has as yet been made on any other trains, but as we have said, we plan an avalanche of petitions in which the commuter is asking that the New Jersey House of Assembly give very serious consideration to passage of House Bill A 115, providing for establishment of a transit district.

The signatures are those of residents of many counties - Hudson and Bergen, Morris and Essex, Passaic, Union, Middlesex, Monmouth, Somerset, Mercer and Warren; from more than 150 communities in those counties.

We do not think it unreasonable to apply the mathematics of probability to this effort. It is done every day in establishing television "ratings," and television stars rise or fall on the basis of a much smaller sampling of public opinion than that expressed in the petitions in our possession. The very fact that television shows die because of the mathematics of probability give them substance.

Commuters generally understand that the legislation does nothing other than provide for the transit district itself. We expect this body to consider all plans that have been submitted, both as to operation and financing. We expect a conclusion to be reached, that will be submitted to the legislatures of both New Jersey and New York, and that it will then be necessary for additional legislation to implement this final plan, both from the operational and financial viewpoints.

We expect that any plan so submitted will go down to defeat before either legislature, if it is not the most nearly perfect plan. We understand the bill to make provision for such a transit district to become a tri-state body, when that is decided upon. We do not believe that the present bill commits any county or municipality to any financial program whatever, neither investment of a large sum as capital, nor requiring them to pick up the tab for deficit operations.

Our association looks toward and urges state or federal subsidy for the transit district, which avoids involvement of county or municipality entirely. Not one single voice has been raised against the huge sums of money that the federal government has appropriated for roads - a program that often finds the cost of a single road being as much as the entire investment suggested under one plan for transit relief.

We regard the transit district not as a commuter responsibility, but as a public obligation, since the economy of the entire metropolitan commuting area -

more selfishly the New Jersey area - is tied in with free access from one segment of the area to another. Stifle that freedom of movement through permitting eventual complete abandonment of rail service and our highways will become sated with traffic and all areas of suburban life will suffer. That in turn will reflect upon the economy of urban areas, since one cannot survive without the other.

Getting back to the recent federal legislation, here is one reason why a substitute for present rail service must be found. The Smather's Committee report clearly states that there will be no passenger service at all within the next decade. The railroads, right or wrong, are determined to abandon passenger service here in the east. Several rail presidents have already stated publicly their intent to abandon commuter service unless certain things that seem unachievable happen.

If for no other reason than this, commuters contend that a transit district is not only needed, it is urgently needed. For that reason we do not care particularly who operates it. It can be the transit district itself, as a separate authority. It can be the Port Authority, or anyone else. We simply say that it must come about, one way or the other.

But we say in addition that time has run out, that there is no longer time for argument as to who shall do what. We regard establishment of the transit district as the first, basic step. We conceive that the transit district itself could conceivably recommend that the Port Authority or some other body accept the district into its structure, and that the Port Authority or whoever would then operate the commuting railroads. But to continue bickering on this point at this time is simply to kill off any opportunity of achieving anything at all - and that cannot be allowed to happen.

Port Authority to-day is more concerned with profit, it would seem, than public service. Its statements that its credit position would suffer seem to bear that out. There may be good and substantial reasons for such a viewpoint, but what is evident from the attitude is that the collective mind of this Authority is not going to be changed in time to solve the problem of commuting. For that reason we say, go ahead with establishment of the transit district. It is a positive step in the right direction, and all we have heard up to this moment is how it should be done, first this way, then that, or that it should not be done at all. And on the latter, I might comment that great public works are never achieved from a negative viewpoint. Just how loudly would these negative viewpoints cry if the Federal Government had not subsidized highway construction, considering that everyone - even these negative-minded people - realize that present highways are seriously overburdened ?

Commuting is many things to many people. To the individual, it is freedom of access between his business and his home, whether by rail or road. It is a pleasant or annoying experience, depending upon whether more and more time is wasted because of road congestion or lack of adequate rail service.

If he intends to buy a home, he considers time spent in commuting, among other things. The individual often decides against a particular purchase for this reason alone. Already resident in an area, he is concerned about selling if the need arises, and he wonders what effect poor commuting will have on the sales value of his home. And when values are depressed because of inadequate commuting facilities, the individual wonders if the social standards to which he has become accustomed will remain the same after his neighbors sell.

To others, inadequate commuting is the annoyance of coming home to a cold meal, or the lack of time the individual can spend with his children during the week, because they are in bed when he reaches home late. Trivialities ? In a larger sense, of course they are. But don't we tend to take the larger problems in stride and become upset over trivialities ? And lest you think that such matters are not important, let me note from my own experience that I know of commuters who have already sold their homes and moved to other areas where the commuting situation is more fluid.

To the businessman, whether manufacturer, wholesaler or retailer, adequate commuting is important. The manufacturer is concerned with an adequate labor supply. If the market from which he can draw is limited in radius beyond his plant because of poor transportation, he then thinks in terms of decentralization.

No matter whether his raw materials reach him by road or rail, the last few miles to his door must be traveled over highways fast becoming congested to the point of saturation. Loss to the urban area results when he decides to move because of inability to get, or give fast delivery service. And in turn, the fine balance between highway and rail commutation is upset and more congestion and confusion results.

It is little different for the wholesaler. And certainly the retail merchant is concerned over freedom of access to his door, through mass transit. No

retailer in his right mind would weigh the small number of people that can be delivered to his door by automobile, with the attendant problem of parking these vehicles, when he can enjoy the advantages of untold numbers of customers reaching him by mass transit.

As a matter of fact, this is especially true in this age of highway shopping centers, as a result of which urban merchants have tried to solve the problem of lost customers by providing free bus transportation, as West New York merchants have done. Here is a progressive step, a recognition of the advantages of mass transit. To fail to take such punitive action is to sit idly by while someone else cuts your business throat. It is the opposite of the merchant in one school of thought who proposes that to provide mass transit will simply mean that customers will ride through one community to another still larger. But isn't that matter closely related to that of free enterprise ?

To quote an old saying, "Build a better mouse trap and the world will beath a path to your door." By the same token, offer a better bargain, and customers will come to take advantage of it. The buying public is not such a fool as to ride through a community offering a bargain to go to another and pay a high price for the same thing, in addition to paying more fare.

Commuting has meaning to the community as well. The thousands of commuters who work in New York bring back many hundreds of thousands of dollars to be spent in their home areas, if conditions are right for spending in that area. Once more that brings us back to the local merchant, since his strength is the strength of the community. But it also turns attention to the fact that among these thousands of commuters are the harried executive, and the worker in higher salary brackets who can enjoy life in suburbia so long as time spent in commuting is not intolerable and it is free of other objectionable features.

It means higher priced homes in suburban communities, if the way is made easy for such people to live there. It means larger tax revenues, the opportunity to expand educational facilities at a faster rate than might otherwise be possible. It means the social aspects of a community are broadened, that the community becomes more desirable to others of like social stature. Even in suburbia, it must be noted, one community stands out above another and is spoken of as a more desirable place to live. And, since the answer to that is both tangible and intangible, we simply ask the question,"Why ?" and leave you to ponder over it.

Just one more factor that commuters believe make it absolutely necessary that something be done to solve the commuting problem unless our area is to suffer serious economic distress. That is the problem of the St. Lawrence Seaway.

A discussion of this matter alone could occupy the complete attention of this Honorable Body. But briefly, prior to current work on this Seaway exporters and importers in the Chicago area were saving as much as 40% in shipping costs to and from European ports over the costs of rail to New York, then shipment by steamer to Europe.

With expanded capacity and vessels of three times the size, the share of business taken from the railroads operating between Chicago and New York has the potential of becoming so serious as to drive the most mighty of them to their knees. It takes no stretch of the imagination to accept a statement attributed to a Seaway official, that Chicago is on its way to becoming the largest city in the United States. It has the largest hinterland of any lakes city, and the richest. It can draw from such distant points as the west coast, and the southwestern area of our country. Shipments that might normally pass through such rail gateways as St. Louis, Louisville, or Memphis have the potential of diversion to the Chicago area, for shipment to Europe without change.

There are reasons why some propose that repercussion from this source will be limited. Ice, for example, closes off the lakes for a period of time. But the factors augering for those who believe its impact will be more, instead of less severe than supposed, predominate.

Here is another reason why the railroads have to get their financial houses in order. Large or small though the impact be, it will occur to some degree. And, reasoning properly, railroad men are planning to expect the worst. What then will happen to commuter service in Northern New Jersey ? If you reason that it will be abandoned within a short period of time, you will find many commuters in agreement.

Two factors then, gentlemen, deserve earnest consideration which should compel establishment of the transit district and, following that, completion of each successive step in proper order to solve the commuting problem - the new Federal legislation which permits a railroad to close a deficit operation simply by giving 30 day's notice of such intent, and the impact of the St. Lawrence Seaway.

STATEMENT BY JAMES P. BIRCH, CHAIRMAN, TRANSIT COMMITTEE OF BERGEN COUNTY, AT HEARING STATE HOUSE, TRENTON, NEW JERSEY, NOVEMBER 24, 1958, ON ASSEMBLY BILL A-115

My name is James P. Birch. I am Chairman of the Transit Committee of Bergen County. This is a group representing most of the 70 communities in the County. The very fact that there is a transit committee--and that there has been one for more than 16 years, is evidence of our deep interest in the problem which has brought all of us here today.

On December 31, 1957, the Bergen County Planning Board reported a total estimated population of 711,620. The population, from studies made by the Regional Plan Association is expected to reach 1,100,000 by 1975. It is the fastest growing County in the metropolitan area. Northern and Western Bergen, still covered in some sections with woods and small farms, has the living space for most of the 400,000 new residents yet to come before saturation in just 17 short years. After that, the population wave will push on north of us into Rockland and west into upper Passaic County.

Our transportation system is already inadequate for our present population, and we must draw the Conclusion that it is impossible for automobiles to give mass transportation to the hundreds of thousands of persons still to come in Bergen. A little arithmetic tells us why.

We can assume that the 400,000 persons expected in Bergen will be divided up approximately into 100,000 families; and unless a way of American life is abandoned--most of these families will have automobiles, or perhaps more than one. Let me tell you gentlemen of the House of Assembly that the prospect of 90,000 or so new automobiles on State highways and roads--no matter how many new superhighways are built--makes us shudder.

If the future were all we had to worry about, it would be bad enough. But the sad truth is that we are in a transportation mess already in 1958. I say 1958, but the mess was already a mess 10, 20, and 30 years ago. To add further to our woes, for the past four years the State, the County and the municipalities have been involved in costly litigation with the railroads serving our area. The railroads claim to be losing money on passenger train and ferry service, and have filed with the various commissions for curtailment or complete abandonment. I might add that the litigation has been costly for the commuters as well.

The railroads are relentless in their determination to WIN out. Life has been made miserable for these thousands of commuters who are absolutely dependent on the railroads for getting them back and forth to work.

Over the past thirty years, many agencies, public and private, have attempted metropolitan-wide transit planning but with no concrete results. Reasons attributed for lack of success were inadequate financing, limited jurisdiction and just plain public apathy. One count revealed nineteen transit reports over 30 years compiled at considerable expense, on which no action was taken. The reports on studies are gathering dust on the shelves. Meantime, our transit difficulties have reached the critical stage.

A realistic approach must be made by the states. Traffic congestion would be horrible without trains. The courts and commissions have recognized this by the decision handed down last Friday in denying the Central's application to eliminate from commuter service 5 important trains. The constructive action to be taken is covered by the bill now before the Assembly.

That bill--the transit district act--does one thing only--it creates a public agency based on local representation, to develop and to negotiate a public plan. It is the next logical step. And it is important to keep in mind that once created, any plan recommended by the District must obtain concurrent legislative and gubernatorial approval in both New York and New Jersey before it can be effectuated. In other words, control is maintained at all times by the legislatures of New Jersey and New York.

Mr. Chairman, we pray relief and urge passage of this all-important bill.

J A M E S P. B I R C H