

Mr. GILHOOLEY. Yes, I have a feeling that mass transit, if I understand the question, I have the feeling that mass transit is so tremendously important to the future of the great urban areas and smaller urban areas, of the Nation, that it ought to be able to stand on its own feet.

Mrs. DWYER. Thank you very much.

Because you are familiar with transit problems, I would like to ask you a few more questions. Can commuter mass transportation in major metropolitan areas, New York, New Jersey, and Connecticut, survive much longer without direct public operating subsidies or public ownership?

Mr. GILHOOLEY. I don't like to give a categorical answer to that, because I must say I don't know. I will tell you what I think.

I think that as we have seen in the case of Long Island Railroad, in the taking over by Governor Rockefeller in the State of New York, that in that case it was the only answer, no question about it. Whether that is true of other railroads or not, I don't know. I just don't know that much about it.

As far as operating subsidies are concerned, let me be candid about it. Unless they are carefully controlled, unless there are criteria given for specific purposes, I think I would have to tell you I oppose them. I would oppose open-end subsidies, for example, to the New York City mass transit system. I would oppose it as vigorously as I could. I will tell you why.

Mass transit, such as we have, ought to be run by able, independent, full-time people who run it as a business. After all, our annual budget, it may surprise you to learn, with capital included, is some \$500 million a year. This is one of the largest businesses in the country and it ought to be run efficiently. We know from experience that it will not be run efficiently if we can run to the city fathers and say, "Here is our deficit for this year, please pick up the tab." Now, we had this experience during the years 1940 to 1953 when Governor Dewey got fed up. This was constantly being brought up and they were constantly running to the State to bail them out and he said, "Let's take it out of this kind of an operation, let's take away the open-end subsidy and operate out of the fare box." As a result of that, within the next 5 years, we in the transit authority, through good management, were able to knock out 8,000 jobs at an annual saving of \$60 million a year, which helped to preserve the 15-cent fare for 13 years.

If you have an open-end subsidy you don't have the psychological whip as an administrator over yourself and your people to do an efficient, businesslike job. So unless there is some basis for it, some controlled program, or some criteria which would keep it from getting out of hand, let me state that I am simply opposed to open-end subsidy, absolutely opposed.

Mr. BARRETT. Thank you, Mr. Gilhooley. Thank you for your very fine statement this morning. We appreciate your coming. You have been very helpful.

Mr. GILHOOLEY. Thank you, Mr. Chairman.

Mr. BARRETT. Our next witness is Mr. John D. Morris, assistant vice president, Pennsylvania Railroad.