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**AUTHORIZATION OF CERTAIN PROGRAMS AND
ACTIVITIES OF THE GOVERNMENT OF THE
DISTRICT OF COLUMBIA**

DOCUMENTS

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON

REVENUE AND FINANCIAL AFFAIRS

OF THE

COMMITTEE ON

THE DISTRICT OF COLUMBIA

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 7634

**TO AUTHORIZE CERTAIN PROGRAMS AND ACTIVITIES OF
THE GOVERNMENT OF THE DISTRICT OF COLUMBIA, AND
FOR OTHER PURPOSES**

MAY 17 AND 22, 1973

**Printed for the use of the
Committee on the District of Columbia**



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AUTHORIZATION OF CERTAIN PROGRAMS AND ACTIVITIES OF THE GOVERNMENT OF THE DISTRICT OF COLUMBIA

THURSDAY, MAY 17, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON REVENUE
AND FINANCIAL AFFAIRS
OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:20 a.m., in room 1310, Longworth House Office Building, Hon. Thomas M. Rees, presiding.

Present: Representatives Rees (presiding), Dellums, Diggs, Ketchum, and Shuster.

Also present: Robert Washington, chief counsel and John Hogan, minority counsel.

Mr. REES. The hour is 10:20. I don't foresee other members of this committee coming at the present time. We do not have a quorum. I will call the meeting of the Subcommittee on Revenue and Financial Affairs to order.

We are very honored to have the chairman of the full committee, Chairman Diggs with us this morning. On my left is William Ketchum from California, so we are going to have an all California operation here this morning.

Mr. KETCHUM. This is how we do it in Los Angeles.

Mr. REES. Under the rules of the committee, if a point of order is made by any member of the committee that a quorum is not present, the committee cannot take any official action.

We're working far below the quorum of six members. The bill that we have with us this morning is H.R. 7634. The bill has 29 sections that are basically authorizations authorizing various functions in the District of Columbia. In the past these functions have been appropriated by the Appropriations Committee without specific authorization. So much of this bill represents segments recommended by the Appropriations Subcommittee, Mr. Nash's subcommittee.

I think most of the bill is not controversial. However there might be a couple of controversial sections. The way I plan to deal with this bill is to have a public hearing and a markup session at the same time. Part of the reason is that it is very difficult to get quorums to come to the District of Columbia Subcommittee meetings. I feel that if we combine these two, we might save some time. Also, I feel that if we combine the two, we can have both testimony with the actual vote and discussion by the committee concerning amendments to the specific sections.

I think it might work a little better than having the long public hearings. To those of you who wish to speak on specific sections, please

make yourselves known and come up to the witness table. If you have a statement you would like to have in the record, please request the committee or the Chair to put it in the record.

Before we start on section 1, I would like to recognize the chairman of the full committee, Congressman Diggs, for a statement on one of the sections dealing with a study on the taxicab situation in the District of Columbia.

Mr. Diggs. Thank you very much, Mr. Chairman.

All but two sections of this bill were introduced at the request of the D.C. government. It principally provides substantive legislative authority for activities previously contained only in appropriation acts. However, I would like to discuss this morning the last two sections of this bill which transfer all authority for the operation of taxicab service in the District of Columbia to the local government. The remainder of the proposal will be discussed by representatives of the District government.

Numerous complaints from Members of Congress, tourists, and local citizens confirm the need for reviewing the problems relating to taxi services. To accomplish this, I have proposed first, that the local government be authorized to undertake a study, with the results available within 1 year, to properly determine the desirability and feasibility of installing meters in taxicabs in the District of Columbia. The Public Service Commission already has authority to study other fare plans.

For 40 years, the Commission has been denied funds to make such a determination. What is proposed here is a study to determine the best way to achieve in D.C. what every cab driver in every other major metropolitan area of this country already has, reasonable compensation based on the time expended as well as for the services rendered. We are not aware of any other city in the United States which is specifically prohibited from studying ways of establishing taxi fares. Since there is obviously no Federal interest involved, it is my firm belief that the D.C. government is the appropriate body to consider this matter.

Section 28 of the bill would authorize the District government to regulate the total number of taxicab licenses to be issued and to promulgate regulations for the processing of license applications. The purpose of this provision is to provide for an optimum number of passenger vehicles for hire consistent with the needs of the public for satisfactory and adequate levels of service, and to encourage the maximum utilization of licensed vehicles.

At present, there are 11,563 licensed cab drivers and 9,276 registered cabs. This is equal to the number of cabs in New York City. While the numbers would appear to be adequate to meet the needs of a city this size, it is estimated that approximately 85 percent of all drivers operate their cabs part time. Thus, only 1,300 to 1,600 cabs may be available during the heavy rush periods. The latest data from the Public Service Commission indicated that drivers averaged 4.33 hours of work per day. While part-time work may be convenient for the student or Government employee who seeks to supplement his income, the current rate system and working conditions will not support a family unless the driver works far in excess of 40 hours a week. A Public Service Commission study has found that net revenue per hour for a driver is \$3.02 an hour and it is far less than that during rush hour. This compares to a starting salary for bus drivers of \$4.64 per hour.

Now, this situation affects not only cab drivers who attempt to earn a reasonable standard of living, but also riders and potential riders. I have, therefore, suggested in my proposed legislation that the extent a driver uses his license and other appropriate factors be used in granting license renewals.

So, Mr. Chairman, I believe these two factors are crucial to improving the delivery of taxicab service to the citizens of the District of Columbia and have full confidence that once the effusion of oversight and authorization of the cabs in the city of Washington is concentrated and concentrated in the hand of the local government, they are going to be able to deal with this problem.

Thank you.

Mr. REES. Thank you very much, Mr. Chairman.

We will hold off further discussions of this problem until we get to section 28 which is the last section of the bill.

I understand there might be some discussion on this matter and we best take those less controversial items first to see if we can get an agreement on this so we can get a bill out of committee today.

The first section of the bill deals with expenditures for emergencies.

I expect Mr. Robinson and Mr. Coppie would like to discuss that now. Before you start to speak, please identify yourself and your position for the record.

**STATEMENT OF COMER COPPIE, SPECIAL ASSISTANT TO THE
MAYOR-COMMISSIONER FOR BUDGET AND FINANCIAL MANAGE-
MENT, ACCOMPANIED BY EILEEN WINTERBEL, PROGRAM
ANALYST; AND WILLIAM ROBINSON, CHIEF, LEGISLATION AND
OPINIONS DIVISION, OFFICE OF THE CORPORATION COUNSEL,
DISTRICT OF COLUMBIA**

Mr. COPPIE. I am Comer Coppie, Special Assistant to the Mayor-Commissioner for Budget and Financial Management. On my right is Eileen Winterbel, a member of my staff and the person who has done most of the detailed work on this bill in my office, and to my left is Mr. William Robinson, Assistant Corporation Counsel, who has been the person in the Corporation Counsel's office, who has been primarily concerned with the bill.

Accompanying us here this morning are various officials of the District government who are prepared to speak to substantive aspects of the proposal of this bill.

Mr. Chairman, I do have a prepared statement that will be provided for the record. I want to say at this time that the Mayor, Mayor Washington, very much appreciates the prompt timing of this hearing, that the successful outcome of this legislation is dispensable to the success of our appropriations bill for 1974, fiscal year.

[The proposed statement follows:]

**PREPARED STATEMENT OF COMER S. COPPIE, SPECIAL ASSISTANT TO THE MAYOR FOR
BUDGET AND FINANCIAL MANAGEMENT**

Mr. Chairman, there are a number of District activities, programs, limitations, and legislative provisions that are now authorized only by language in annual appropriations acts for the city. These provisions are considered necessary to effective operation of the District Government, and we are therefore requesting

that they be given substantive authority through the bill being considered today.

We are not requesting authority for any completely new programs or activities. These provisions have been included in the city's budget for a number of years, and appropriations have been made for the various programs and activities authorized in appropriations language. Approval of the city's proposed bill will not mean increased expenditures or new appropriations.

NEED FOR SUBSTANTIVE AUTHORITY

Because none of the provisions in the proposed legislation is supported by substantive law, each item can be deleted from the city's budget by the raising of a "point of order." The loss of all authority for these provisions would create serious problems for the District Government. We are seeking to forestall these problems through the enactment of the bill we have proposed. We consider the passage of the "Authority for Appropriations" bill to be a matter of high priority for the District Government.

HIGHLIGHTS OF PROPOSED BILL

Among the provisions in the proposed bill are: Authority for the Mayor to expend funds to meet emergency situations, without compliance with certain advertising provisions; and clarification of the Mayor's authority to regulate the use of passenger vehicles owned by the city and to authorize certain exemptions from Federal law in this area; authority to enter into contracts with sectarian institutions so that the city may have flexibility in providing certain services for persons under its care; authority to provide clothing and monetary payments to persons released from city correctional institutions; exemption from the Anti-Deficiency Act for certain Federally funded highway projects so that the city can enter into contracts for the full cost of projects, pending reimbursement from the Federal Government; authority to reimburse the Department of Labor for administering the Workmen's Compensation program for the city; provision of subsistence and transportation of handicapped children to special education programs provided by the D.C. Public Schools; amendments to various laws relating to advertising by the city to give the Mayor greater discretion in meeting advertising needs and to consolidate certain related provisions; authority for confidential funds for certain District officials, including the Mayor and the City Council Chairman.

This is only a sampling of the provisions in the bill. We wish to stress that the proposed legislation will not authorize completely new programs or expenditures. It will allow us to continue existing activities and limitations considered necessary to the operations of the city government.

Thank you for the opportunity to appear in support of this legislation. We are ready to answer questions you may have.

I would also point out to you that yesterday that we did complete our hearings before the House Appropriations Subcommittee for the District of Columbia on appropriations. Our appropriation bill will probably start to move sometime in early June to the appropriation process and to the floor of the House.

As I have said the linkage of this appropriate bill is evident to the successful outcome of our appropriations for the 1974 fiscal year. So we appreciate the promptness of this hearing and the promptness of the markup that you have indicated here this morning.

Mr. REES. A note has been handed to me about cost. Under the rules of the House there has to be an estimate of the cost for each section for the current fiscal year and a projection of the cost over a 5-year period.

If you have those, it would be appreciated. We have the past costs of some of these programs.

Now section 1 is expenditures for emergencies, so I expect it is difficult to have a definite appropriation for that.

Mr. COPPIE. That is correct, Mr. Chairman.

Mr. REES. It is my understanding that the basic purpose of section 1 is to allow the Commissioner to make expenditures without observing the necessary advertising provisions of section 28, statutes of 1933.

Is that basically the purpose of section 1?

Mr. COPPIE. That is correct, Mr. Chairman.

Mr. REES. Mr. Robinson, you might be able to help reword this so that it's not as broad as it is in section 1. Section 1 says, "notwithstanding any further provision of law," which now refers not only to 28 statute but to any other provision of law, amounts deemed necessary can be spent without any limitation. We could rewrite the section, "when required for public exigencies, to meet conditions caused by emergencies such as riots, pestilence, public and unsanitary conditions, flood, fire, storm and similar disasters, pursuant to regulations adopted by the District of Columbia Council, the Commissioner is authorized to expend such amounts as may be necessary without regard to the advertising of provision 28 statute 1933." In this way you do two things, one, you have a definition of what is a public emergency which will be defined by the D.C. City Council as a standard criteria.

Two, you have exemptions as to the specific section that presents problems. Does that language fit section 1? Would it meet the problem of the appropriation language?

Mr. ROBINSON. Mr. Chairman, your suggested amendment would vest in the D.C. Council the authority to make a regulation to determine when there was an emergency which existed. It would also determine when the Commissioner could place into effect the procedures as called for by the specific emergency.

Mr. REES. No, it says, "pursuant to regulations adopted by the D.C. Council.

"The Commissioner is authorized to expend such amounts as may be necessary." So the Council would pass rules and regulations defining what an emergency was. When an emergency arose to that criteria, the Commissioner would automatically be authorized to expend money. The City Council would not have to pass a specific authorization for the Commissioner to spend the money. He would spend the money pursuant to the regulations that had been previously adopted by the Council.

Mr. ROBINSON. Mr. Chairman, we would feel that language which would permit the Council to adopt certain guidelines under which the Commissioner could exercise the authority, that would not handicap them in the use of these funds, as you know. The entire thrust of this type of authorization is to meet emergency conditions and is necessary that he and his executive capacity not be too tied down with specific guidelines so he will be unable to fulfill the obvious needs which the situation calls for, but we think that kind of language would not in fact handicap the Commissioner in carrying out his responsibilities.

Mr. COPPIE. Mr. Chairman, I think it is evident from what you said, the objective is not to restrict the Commissioner but rather to strengthen the ability of the District government, as an entity. We support that in principle, but I would underscore the importance of what Mr. Robinson is saying.

Mr. REES. I think that the language in the beginning, if you strike the first two lines on pages 4 and 5 and the beginning of line 6, "when required by the public exigencies, to meet conditions caused by emergencies such as riots, etc." is more or less the criteria that the Council would use in adopting municipal regulations.

Mr. KETCHUM. Excuse me, Mr. Chairman, you are not going to delete that?

Mr. REES. The language deleted would be lines 4 and 5. Then retain the beginning of line 6 and delete the last half of line 6 and the first line of 7, "expend such amounts as may be necessary."

Well, if there is no further discussion, is there a motion from the members of the subcommittee?

Mr. HOGAN. Could I ask one question, Mr. Chairman? Perhaps Mr. Coppie could explain it. Is this consistent with the reprogramming authority that relates to the rest of the District budget, Mr. Coppie?

Mr. COPPIE. With regard to what?

Mr. HOGAN. The proposal here as I understand it is to give to the Council the authority to, in effect, reprogram, is that not what we are doing here? First of all, if it authorizes the transfer, it authorizes expenditures and presumably transfers within specific programs?

Mr. COPPIE. I think the answer to the question would be that in the terms of our current reprogramming policies, the Mayor has general programming authority to meet emergency situations independent of specific reprogramming restrictions. This would not alter that policy. This would allow him to better implement that policy because it would exempt him from the procurement regulations.

Mr. HOGAN. But he does have authority now to reprogram for emergencies as long as he notifies the—

Mr. COPPIE. That is correct.

Mr. HOGAN. Mainly the Appropriations Subcommittee has reprogrammed within the existing budgets, to provide for an emergency or whatever else is enacted.

Mr. COPPIE. That is correct.

Mr. HOGAN. What the committee would be doing here as I understand it then would be to set this up in a legislative format so that it brings in the Council and the Commissioner and if it doesn't require then as I understand it, the language to—doesn't require any authority on the part of the District government to notify the Appropriations Subcommittee or the appropriate committee with respect as to how this reprogramming has taken effect.

Mr. COPPIE. I think that the one assumption here is perhaps reprogramming would not be effected. We have the funds to make the necessary purchases, and it doesn't involve the reprogramming policy. This merely exempts the Commissioner from having to go through certain procurement regulations that are established either by law or regulations.

If you don't have the necessary funds to make the purchases and effect it, the Council's decision would be made if the emergency is such that the facts go forward to make it necessary independent of the reprogram following the reprogram policy and report it as a reprogramming after the fact.

Mr. HOGAN. If he didn't do it as reprogramming, how would he do it under the amendment or even under the section as not amended?

Mr. COPPIE. I think what I am saying is that we received an allotment for purchases in the District of Columbia government and in order to look forward to implement the purchasing allotment, we are required to follow purchasing standards and purchasing regulations. This would exempt that requirement in emergency. The funds are there to make the purchases, then no reprogramming policy is effected. On the other hand, if the funds are not there, then the reprogramming policy is brought to light and a decision would have to be made. If we

wanted to receive prior approval to make necessary, make the necessary purchases, we would have to report it after the fact.

Mr. HOGAN. Is it your understanding that section 1, as amended, would apply to the procurement or would it apply to reprogramming?

Mr. COPPIE. It would apply to the reprocurement.

Mr. HOGAN. And it would not apply to the reprogramming as if I understood correctly. The Mayor, Mayor Washington, made a statement that one of his problems in the area of meeting emergencies was that during one of the demonstrations that took place some years ago, that he went out and authorized additional police overtime and this kind of thing and there was some subsequent question as to whether or not he had complied with the law as to the expenditure of the funds. Were you with him when he testified to that fact?

Mr. COPPIE. I was and I am familiar with that.

Mr. HOGAN. Now, does this section cover that particular problem?

Mr. COPPIE. This would not cover that—this would not relate to that. I think the issue that you have in mind and which he was addressing himself to was the District government's position at the time of the May Day demonstrations back in 1971, that the Anti-deficiency Act allowed the city to make the necessary decisions in order to meet the emergency situation which clearly in our judgment, the May Day demonstrations were. We were challenged on that and we still feel that the law is on our side with regard to the Anti-deficiency Act stipulation. This is really unrelated to that.

Mr. HOGAN. This wouldn't affect any authority of the Mayor to not comply with the regular procurement regulations. This would merely provide that so far as expenditures of funds are concerned, the needs of the community could be met, but he would have to comply with the procurement regulations except for the possibility that he might be authorized to negotiate rather than to invite a bid procedure.

Mr. COPPIE. I think that is correct.

Mr. ROBINSON. That is correct.

Mr. HOGAN. Yes. Thank you, I have no further questions.

Mr. REES. Any other questions?

[No response.]

Mr. REES. If there is no opposition to this section, perhaps we might have a motion on the amendment to this section and then a motion to approve the section as amended.

Mr. KETCHUM. I so move.

Mr. REES. It was moved by Congressman Ketchum that the amendment to section 1 be adopted, all in favor signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. As moved by Congressman Ketchum, section 1 of the bill is approved as amended.

All in favor signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed, no.

[No response.]

Mr. REES. I have a note here that Mr. Waise from the Washington Aqueduct has to be at another appointment. He wishes to talk on section 18 of the bill. So, Mr. Waise, perhaps you could join us and give your views on section 18.

Section 18 is the authorization of land by gift or condemnation of land or easements for the Washington Aqueduct by the Chief of Engineers, Corps of Engineers, and his agents.

STATEMENT OF HARRY WAISE, CHIEF, WASHINGTON AQUEDUCT DIVISION, CORPS OF ENGINEERS, DEPARTMENT OF THE ARMY

Mr. WAISE. Yes, Mr. Chairman. My name is Harry Waise, I am Chief of the Washington Aqueduct Division, Corps of Engineers.

In my understanding, the committee has some question as to the need for the provision. I don't know how it got into the Appropriations Act initially unless there was some requirement because it was Army Corps of Engineers expending funds which were appropriated in the District of Columbia funding acts. As far as the acquisition of land is concerned, I think that both the D.C. government and the Army Corps of Engineers have whatever general authority that is needed for that, to acquire the land needed for expansion of the water supply and system. We have no immediate plans that would require this type of action other than the transfer of land between the Corps of Engineers and the Park Service, Department of the Interior, for adjusting values between the George Washington Memorial Parkway and our land at the Dalecarlia Reservation and MacArthur Boulevard. However, there are plans, studies underway concerning interconnections of the three major water suppliers in the metropolitan area. I am sure when that is developed into a firm plan, there will be certain land that will need to be acquired by each of the jurisdictions involved.

As I say, this has been in the act and I can only presume since I don't know why my predecessor put it in there, unless there is a requirement for it and if there is general authority for the Corps of Engineers in the District of Columbia to acquire all of the lands that are need, then there is no need for this specific regulation.

Mr. REES. Well, the note I have, and I have also been discussing this with counsel, section 18, wasn't necessary. Mr. Coppie, are you familiar with the reasons for putting in section 18? Is it necessary?

Mr. COPPIE. Well, it was our judgment that it was necessary. It is subject to section 24 of the act, and it has been in the Appropriations Act since 1949.

Mr. REES. I have a note here that the Appropriations Committee felt that it was necessary to have specific authorization. You have decided not to close MacArthur Boulevard, is that correct?

Mr. WAISE. No, sir; we are not going to close MacArthur Boulevard. The plan at the present time is that Montgomery County will take over service maintenance of MacArthur Boulevard and when we work out certain arrangements and we have an agreement now with Montgomery County to take over the service maintenance on certain funding arrangements and transfer to the jurisdiction takes place, this will happen.

Mr. REES. If there is no opposition to section 18, do I hear a motion?

Mr. DIGGS. I so move.

Mr. REES. Moved by Mr. Diggs that section 18 be approved and all in favor signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The section is approved. Thank you very much.

Section 2 is the official use of motor vehicles in the D.C. government.

If you might bear with me, Mr. Coppie and members of the committee, note on line 6 after the word—the first, I was thinking of putting in the following language: “Pursuant to regulations prescribed by the D.C. Council.” This deals with the use of passenger motor vehicles and watercraft owned by the District government.

Mr. Coppie.

Mr. COPPIE. Mr. Chairman, I think again it depends on the—let me start it another way.

I think the objective here is to allow the District government to meet its responsibilities in terms of emergencies. The only officials that have the exception are those that are on 24-hour call and therefore, they need their car on a 24-hour basis and frequently that would be 7 days a week. When the person is actually on duty, I would see that as essentially an executive responsibility. I think to give the City Council the authority to determine the regulations, perhaps this would be restricting the authority of the Commissioner in terms of executing his responsibilities and in turn the responsibilities of the Operating Department.

I raise that question without establishing a final prejudice to its answer.

Mr. ROBINSON. Mr. Chairman, I might add to what Mr. Coppie said, the statute in which the Commissioner and all heads of the executive departments operate, this is pretty specific with respect to what are official purposes and what are exceptions to them and I think here, what we are doing here, is essentially verifying the existing statute and spelling out in more detail the executive functions of the Commissioner. At this time, I can't think of any regulations under which the Council could even act which would clarify in greater detail exactly what the Commissioner might do with respect to the authorization of the usage of official vehicles.

Mr. REES. Any other questions?

Mr. KETCHUM. Yes, Mr. Chairman, if I may.

You are talking to an individual who doesn't know what your regulations are right now. Would you run through them? Run them past me quickly?

Mr. COPPIE. I think I could read it very quickly, Mr. Ketchum, or perhaps highlight it.

This is from a Commissioner's Order that says:

Heads of Departments and Agencies are hereby made responsible for the proper use of District motor vehicles plus the use and supervision in respect to departments and agencies.

For their guidance, the following policies are hereby established to determine when the transfer of taking officers or employees to or from their domicile, including retention of the vehicles at their domicile, they may be permitted or directed by an authorized superior, (A) the District employee or official who regularly or for a same period of time is required to have a vehicle available for use in responding to emergency calls during off duty hours subject to and must be available to receive emergency calls may have the District vehicle at his domicile and use the vehicle between his domicile and place of work.

(B) The District Official or employee who has essential field work that requires the use of a motor vehicle earlier or later than when he is supposed to start his required work, if necessary, have a District vehicle at his house and on such occasions use the vehicle between his domicile and place of work.

I think that highlights it. We have in mind here, for example, somebody that would be working in the Department of Highway and Traffic that would be out in the field each day, working on highway programs in the city; we have in mind a Department of Environmental Services employee who would be involved in various work in the sanitation area. This also becomes critical during the winter period when there is a possibility of snow and an employee of the Department of Highway and Traffic or an employee of the Environmental Services must be out in the field almost instantaneously to meet the requirements of snow removal.

Mr. KETCHUM. I understand the necessity there. There are a lot of companies that do that. What do you do as an example, suppose I were to go out to the Congressional Country Club and see a vehicle parked there of the Environmental Patrol or what have you, and he could be making an environmental survey, I am sure, at least to make sure that the people aren't destroying the golf course. What provision do you make for preventing an illegal act? I was just wondering about that in relation to that which you just outlined.

Mr. ROBINSON. It does not fall within the definition of official purposes.

Mr. KETCHUM. Then, what happens?

Mr. ROBINSON. The statute provides for criminal penalties for misuse of government vehicles.

Mr. KETCHUM. Have you ever had that occur?

Mr. ROBINSON. I am not aware of any specific instances at this time.

Mr. COPPIE. Mr. Chairman, I would like specifically to read from the order: "Any officer or employee of the government who wilfully uses or authorizes the use of any government passenger motor vehicle for other than official purposes shall be suspended from duty by the head of the department including independent establishments, other agencies, wholly owned government corporations in the District of Columbia government concern without compensation for not less than one month, they shall be suspended for a longer period or summarily removed as the circumstances warrant."

I think that we are protected on that as Mr. Robinson pointed out. I am not aware of this actually being applied, but I think the record would show we have consensus to the proper uses of motor vehicles in the D.C. government.

Mr. KETCHUM. Is that a criminal penalty or administrative penalty?

Mr. COPPIE. This is from Public Law 79-600. It's a Federal law and it is made applicable to the D.C. government.

Mr. KETCHUM. Mr. Rees and I are both familiar, shall we say, with the abuses of that system despite its necessity in many instances. I am sure that Mr. Rees when he was in the California Legislature, as I was, was aware that the State vehicles somehow or another ended up at Lake Tahoe. Sometimes they are even taken into Nevada. It is a little difficult to explain.

Thank you very much.

Mr. REES. Thank you. We have just been joined by Congressman Dellums, another Californian. We now have three Californians here, so only good things can happen to you.

Mr. COPPIE. We appreciate that, Mr. Chairman.

Mr. KETCHUM. Don't bet on that.

Mr. REES. You have convinced me about my proposed amendment

in line 6, I think the language as it is, giving this discretion to the Commissioner, is fine. Is there any motion on the approval of this section?

Mr. KETCHUM. I so move.

Mr. REES. It was moved by Mr. Ketchum that section 2 be approved on the amendment. All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 3 is Funeral and Burial Services for Indigents, Wards of the City, Welfare Recipients and Hospital Patients. The present law authorizes only welfare recipients. The appropriations for the last fiscal year was \$224,000.

So this would expand the law from welfare patients to include hospital patients, wards of the city and indigents. Is there any discussion on section 3.

Mr. KETCHUM. Wes, Mr. Chairman, may I?

In the funeral and burial expenses, does the city extend bids to a group of funeral homes or does one funeral home get the business?

Mr. ROBINSON. There are contracts awarded for the funeral and burial of those persons who are public assistance recipients.

I am not aware of any bids or contracts for the burial and funeral expenses for the persons to whom section 3 is directed.

Mr. KETCHUM. Well, how is that handled then?

Mr. ROBINSON. I am informed that all persons buried at the expense of the District of Columbia Government are under contract with the various funeral directors in the District of Columbia.

Mr. KETCHUM. Well, under contract, yes, but is there a bid made for the contract? Is this offered to all of the funeral homes, you say here is a service we want you to provide, are you going to bid or do you always go back to the same funeral home?

Mr. ROBINSON. Under existing law, Mr. Ketchum, all contracts under which the District of Columbia is a party are subject to the Anti-deficiency Act which requires advertising and submission of bids before an award is made. I don't think these contracts would be subject to any different practices.

Mr. KETCHUM. The answer would be yes then.

Mr. COPPIE. Each year we go out for a contract, and it is subject to competitive bids and ultimately awarded through our formal purchase regulations.

Mr. KETCHUM. Fine. Thank you.

Mr. REES. Any more questions from members of committee, staff? Do I hear a motion on section 3?

Mr. DELLUMS. I move it, Mr. Chairman.

Mr. REES. It was moved by Mr. Dellums that section 3 be approved. All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Those opposed?

[No response.]

Mr. REES. The section is approved.

Section 4 is Payments to Patients. That authorizes the Commissioner to make a cash payment to the needy of Glenn Dale Hospital. The appropriation last year was \$1,000. Could you explain what the

Glenn Dale Hospital is; what type of payments were made to aggregate \$1,000?

Mr. COPPIE. Mr. Chairman, the Glenn Dale Hospital is a District-owned hospital that is located in Prince Georges County. It is a chronic disease hospital. We are talking about approximately 500 patients and approximately \$2 per patient.

Mr. REES. What do they do with this \$2?

Mr. COPPIE. It's primarily for personal use, toothpaste, candy, ice cream, a cup of coffee, some pocket money to meet personal needs.

Mr. ROBINSON. Mr. Chairman, it's simply an authorization and I might want to point out that all of these sections are presently authorized by law. What we ask is substantive authority to continue these things, for years all of them have been authorized by law and are at the present time. There is a prohibition in general law against the use of public funds as a gift to persons who have rendered no service to the District of Columbia and this authorization which we seek is to permit the District government to continue supplying patients who have no funds and whose needs are not being met by various charitable organizations to purchase various small items for their personal use and benefit.

Mr. REES. Is there any discussion? Any question from the members of the committee?

Mr. DIGGS. Is there any reason why this could not be delegated to the City Council just as you did in section 2?

Mr. REES. I am glad you asked that. I was wondering since you have payments to patients of Glenn Dale Hospital, do you make any payments to patients of other hospitals or institutions? If there are other institutions, couldn't it be a more general statute to give the City Council the power as the chairman suggested?

Mr. COPPIE. The question is well taken, Mr. Rees, and it is our understanding based on the discussion we have had with District officials, this is the only hospital where it has been established as being a specific and general requirement to the hospital administration. It's primarily the long-term patients who require this, whereas in the D.C. General Hospital patients are in for more of a relatively short period of time.

Mr. DIGGS. With that explanation, I would like to move that appropriate language to delegate this matter to the City Council be drawn up.

Mr. REES. Fine. That language would be on line 7. For those of you who are watching the bill, after the "District of Columbia," place a comma, and then, "pursuant to regulations prescribed by the District of Columbia Council." That would be the added language.

Mr. KETCHUM. May I ask a question?

Mr. REES. Fine.

Mr. KETCHUM. I hate to belabor this, because the amount is so small, but who handles this? Does someone call up the Mayor and say, "I need a couple of bucks?"

Mr. COPPIE. I think it is handled by the hospital administration.

Mr. KETCHUM. Is it audited?

Mr. COPPIE. The funds would be subject to audit.

Mr. KETCHUM. Thank you.

Mr. REES. Mr. Coppie, would you have any thoughts about adding

the language, "pursuant to regulations prescribed by the District of Columbia City Council?"

Mr. COPPIE. Perhaps this would be implicit in that, but I will say it anyway, regulations by the City Council would be approved upon the recommendations of the Mayor.

Mr. REES. I want to point out that the more work we give to the City Council, the less trouble the Mayor gets in.

Mr. KETCHUM. You asked the question about the different hospitals. I am wondering, there is more than that one hospital in the District of Columbia, which have indigent patients. Is it necessary that the hospital be named specifically? Couldn't you just say hospitals rather than one hospital so that the City Council would have a broader authority, because if another hospital said they needed the money, the City Council could grant it.

Mr. COPPIE. Again, I think that point is well taken. Perhaps you want it to embrace all of the various public institutions in the city and give the authority to the city to determine how they would apply this to the different institutions. This would include the welfare institutions, hospitals, and a correctional establishment.

Mr. KETCHUM. I am not worried about the correctional institutions, not in this case. It seems to me that it is a little dumb to have to go to the Glenn Dale Hospital just to get an ice cream cone.

Mr. WASHINGTON. What about welfare patients in the private hospitals?

Mr. REES. Much of the patient load from the District is sent to private hospitals, and there is no authorization for payment there. How would you like to handle that in this language? If you were to strike out Glenn Dale and say, "payments to needy patients of the District hospitals," that probably doesn't include the majority of the District patients that go to hospitals on the contract basis. Quite a few of them are a couple of million dollar appropriations, you would need that.

Mr. KETCHUM. You mean for that one section?

Mr. REES. Yes.

Mr. KETCHUM. I see what you mean.

Mr. REES. What about this "needy patients referred to private hospitals under the jurisdiction of the District". Could we authorize the staff to draw language that would authorize payments to needy patients in hospitals either owned by the District or under contract with the District?

Mr. HOGAN. I wouldn't want to get the language crossed, concerning all other kinds of assistance. You can really get yourself into a mess there.

Mr. REES. Let's just pick up the hospital in this case so that we have two amendments which I think we can take care of by one motion. One is "pursuant to the regulations prescribed by City Council", and number two would be to delete the specific recommendation of Glenn Dale Hospital and add "hospitals either owned by the District or on a contractual basis for indigent patients", then Counsel can draft that legislation.

Mr. KETCHUM. I so move.

Mr. REES. Moved by Mr. Ketchum that the amendments be adopted to section 4.

All in favor signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Is there a motion to approve section 4 as amended?

Mr. DELLUMS. I so move.

Mr. REES. The motion was moved by Mr. Dellums, that section 4 be approved as amended.

All in favor signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The proposed section is approved.

The next section is section 5 which is the Care of Patients in Sectarian Institutions which authorizes the District to contract with the various sectarian institutions when deemed necessary. This would be like Georgetown. The appropriations for the last fiscal year was \$31½ million. So you can see that probably most of the work is done on a contractual basis. Let me ask one question, Mr. Coppie. I have had correspondence from some of the sectarian hospitals in the District saying the District payment does not in any way cover the cost to the institution for care of the patient. The institutions are required to take care of the patients in relationship to the District.

Mr. COPPIE. Mr. Chairman, we have three programs in the city designed to meet the needs of the medically indigent. Two of the three are additional programs. They would be the medicaid program and the medicare program, but hospitals that are participating in this program do receive full reimbursement under the reasonable cost concept that is used in determining hospital costs. The third program is a program indigenous to the District of Columbia. The medical charities program. This program is essentially designed to meet the needs of the working poor. These are people who are actually employed, but when they become ill, they cannot afford their medical costs. We're talking about approximately 17,000 people in the city who fall into this category.

Mr. Chairman, the current limitation in our appropriation bill provides that hospitals which participate in the medical charities program receive \$38 per day for inpatient day and \$6 per day for outpatient day.

Now, 2 years ago, the city proposed in its appropriations bill that the hospital participating in this program be reimbursed under the reasonable cost concept. This recommendation was not approved by the Congress in the ultimate appropriations action for the 1972 fiscal year. We did not propose it again for 1973 or 1974 because of the problems that we face in financing our budget. But I think it fair to say hospitals participating in this program be reimbursed under the that in terms of a commitment that this city several years ago did make this proposal and it was not approved. The current situation is that we just clearly cannot afford this and also meet the other priorities needs in the city.

Mr. REES. Members of the committee, a problem exists concerning the medical charities program. \$38 a day does not cover the out-of-pocket cost of the hospitals and, therefore, the hospitals are losing about \$30 or \$40 a day with every patient that comes in there.

Did the Appropriations Committee pull you down to \$38 a day?

Mr. COPPIE. The limitation, Mr. Rees, is \$38 per day for inpatient, \$6 a day for outpatient. I think it would also be important to point out that a hospital is not required to participate. It is strictly voluntary, and it is my understanding that there are only two hospitals that are prepared to actually withdraw from the program if the increases are not made—the Washington Hospital Center and the Rogers Memorial Hospital Center. I think it would also be important to point out that in the legislative history on this, at least in the House, there was a feeling among some of the Members of the Congress that hospitals do have a responsibility to provide some subsidized service to the city and to potential patients in their hospitals.

Mr. REES. None of these are proprietary hospitals.

Mr. COPPIE. That is correct, Mr. Chairman.

Mr. REES. They are all sectarian hospitals.

Mr. KETCHUM, do you have any thoughts on this?

Mr. KETCHUM. No, I don't, Mr. Chairman.

Mr. REES. I was just wondering if we should try to write language or try to set up some criteria as to how much the District should pay. It is kind of difficult to define what out-of-pocket cost per hospital would be.

Mr. KETCHUM. Now it is \$38 a day.

Mr. REES. \$38 a day for inpatient, \$6 a day for outpatient. I don't know how to write the language.

Mr. HOGAN. Could it be determined which hospitals are actually covered by section 5 specifically?

Mr. ROBINSON. For this section, Mr. Hogan, it is of limited application, only to so-called charitable related hospitals as well as welfare institutions and there is authority in existing statutes to permit the payment for indigents and hospital patients and welfare patients in the other institutions which are not church-related. This provision then applies only to those patients in those institutions and is frankly designed to overcome the objections to the church-state relationship.

Mr. HOGAN. What is the recovery rate for Howard, Freedman's and Washington Hospital Center? Is it worded reasonable cost?

Mr. COPPIE. Under the Medical Charities Act, \$38 a day for inpatient and \$6 a day for outpatient.

Mr. HOGAN. As I understand, Mr. Robinson, you're saying that Freedman's is not covered by this section, section 5, as it is written. They are covered because they're nonsectarian, and they are covered under some other standard of cost. Do they all recover \$38 per day?

Mr. COPPIE. Under the medical charities program, this section as proposed by the city does not relate to the cost. It gives the city the authority to make payments to a sectarian hospital or other institutions.

Mr. HOGAN. How is the language worded for medicaid? Is that strictly by contract between the hospital and the insurers?

Mr. COPPIE. In the city, it is a medicaid contract. Under the medicaid law, it is a Federal program and we are required to pay reasonable cost.

Mr. HOGAN. What is that, is it worded reasonable cost?

Mr. COPPIE. The term reasonable cost is hospital terminology.

Mr. HOGAN. Could you provide those particular provisions in the Federal law that permit the hospitals to obtain reasonable recovery?

Mr. ROBINSON. I am not quite sure I understand your question. You refer to, were referring to the language of the Federal Medicaid Act, is that correct?

Mr. HOGAN. As I understand it, the chairman is interested in looking at some language that would permit reasonable cost recovery under this section. The Medicaid provision of Federal law would permit reasonable cost recovery, is that correct?

Mr. ROBINSON. I might say that to include in section 5 of this bill a figure which would be deemed reasonable costs to the hospital, both sectarian and other types, would be somewhat far from the purpose of this particular section. There are other provisions of law which enable the District of Columbia to pay reasonable cost to institutions that are not church-related and it would appear that these types of provisions would properly belong in other laws rather than this bill which is designed to overcome acts of Congress which prohibit the use of public funds to church-related institutions.

Mr. HOGAN. We are beyond that, aren't we? You are already paying the church-related hospitals, and what you are talking about here and what the chairman is talking about is the level of that payment, is that not correct?

Mr. ROBINSON. The payment has been determined by language in the Appropriations Act, now set at \$38 a day.

Mr. COPPIE. You're correct though, if the committee adopts a provision to extend this provision into the medical charities area, to meet the cost requirement, what you are looking for, based on what you said, is reasonable cost, and what you are asking for as I understand it, is the provision in Federal law that would allow for the reasonable cost concept to be written into this provision.

Mr. HOGAN. As I understand it, if you have a medical patient that goes to the same sectarian hospital, there is going to be a recovery of reasonable cost, is there not?

Mr. COPPIE. Yes.

Mr. HOGAN. And that is an effective Federal payment, is it not?

Mr. COPPIE. That is 50 percent city and 50 percent Federal.

Mr. HOGAN. That is Federal funding going in there, also, is it not?

And yet, they recover reasonable cost. Here it is limited to \$38 a day, is that not correct?

Mr. WASHINGTON. Mr. Chairman, here again, can we say a reasonable cost not to exceed a certain sum and decide that sum?

Mr. REES. Let me try something out. Again, working the City Council language on line 13 after, "the District of Columbia", insert a comma, and add, "pursuant to regulations prescribed by the District of Columbia Council," which means the Commissioner is authorized subject to the regulations to the District of Columbia Council. This way you get a lot more flexibility than having to go to Congress every year. After the period on line 18 after the District of Columbia you can say, "such payments shall reflect the average reasonable cost in the District of Columbia," or some such thing to that effect or equivalent care. I would use broad language to facilitate a certain amount of subsidy by the sectarian hospitals. How does that sound?

Mr. WASHINGTON. Here again, can we work out the specific language and get it back to you?

Mr. REES. I was wondering then if we could agree upon amendment No. 1, line 13, "regulations prescribed by the District Council," which

would give them legislative flexibility, and then add a new sentence following section 5 to give a broad definition of what the payment should be. It should reflect the reasonable costs which are reflective of the cost-of-living in the District of Columbia. Then I think that would give them a fair amount of leeway in determining what the cost might be.

Mr. DELLUMS. Are you seeking a motion to that amendment?

Mr. REES. Yes.

Mr. DELLUMS. I would so move.

Mr. REES. It was moved by Mr. Dellums that the amendment be adopted to section 5.

We will vote these as separate amendments. The first regulation adopted by the City Council was moved by Mr. Dellums.

All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Number two would be a correction by this committee that the payment shall reflect reasonable cost for like services in the District of Columbia.

It was moved by Mr. Dellums. All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. A third problem is the care of patients in nonsectarian institutions as well as sectarian institutions, George Washington Hospital is one of them which participates in this indigent charitable program. Why do we have sectarian? Why don't we say all the hospitals that participate in the program?

Mr. COPPIE. In order to make your amendment effective you need to do just that.

Ms. WINTERBEL. The purpose of the provision is to allow all sectarian hospitals to enter into contracts. We have to keep that authority in there. I am not sure what is happening, but that is what we are asking for at this point. We have no substantive authority to enter into contracts with sectarian hospitals. This provision is designed to give us that. The idea of reasonable cost is another idea.

Mr. REES. Well, if we just said, "sectarian and nonsectarian institutions", we would cover it. We would specifically mention each type of institution.

Mr. COPPIE. All hospitals including sectarian institutions.

Mr. ROBINSON. You're not suggesting that the language on line 15 relating to under sectarian control be eliminated? What you are saying is that by regulation of Council, they shall determine what a reasonable cost to be paid by the District for the person being cared for in both hospitals and and welfare institutions really, under sectarian and nonsectarian control.

Mr. REES. Yes.

Mr. ROBINSON. The other language has to overcome a specific prohibition of law.

Mr. REES. If we specifically say under sectarian or nonsectarian, you have the specific language that you started with, but with nonsectarian added. Would that do it?

Mr. ROBINSON. Yes.

Mr. KETCHUM. Care of patients in institutions to include sectarian institutions. That gives you the authority.

Mr. REES. I think we have the spirit of the amendment.

Mr. WASHINGTON. We will work that out.

Mr. REES. Could I hear a motion to include nonsectarian institutions on line 11 and line 15.

Mr. DELLUMS. I so move.

Mr. REES. Moved by Congressman Dellums, that the amendment be approved. All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Those opposed?

[No response.]

Mr. REES. The amendment is approved.

I move that section 5 as amended, be approved.

All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. This section is approved.

Section 6 is Stipends for Patients. This provides funds for services performed by patients as a part of their rehabilitation and for their training. This specific appropriation for fiscal year 1973 was \$125,000.

Are there any questions by members of the committee on section 6?

Mr. DELLUMS. What care is now taken to see to it that patients employed in institutions in which they reside are not exploited?

Mr. REES. Mr. Coppie?

Mr. COPPIE. I would feel more comfortable, Mr. Chairman, providing something for the record in response to that question. We do not have a representative from the Department of Resources.

[The information requested is in the appendix.]

Mr. REES. Could we have a motion to approve section 6, and when it comes up before the full committee, your question can be answered. Then if you want to add more language to section 6, we can.

Mr. DELLUMS. Thank you. And I would agree to that.

Mr. REES. Very good. It was moved by Mr. Ketchums that that section be approved.

All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 7 is Benefits Furnished Workers in the District Facilities. It provides living quarters and expenses for people working in the District of Columbia institutions, such as student nurses, and student chaplains. We have no estimate here from the appropriations bill. I don't see any problem with this. Are there any questions by members of the committee?

Mr. DIGGS. I can recall, Mr. Chairman, there was some controversy in the District because certain administrators were being provided quarters at what was considered to be an unusually low figure and I thought it was triggered by this section. Now the explanation indicates this section is confined to interns, nurses, and chaplains. Is there any provision for anyone else outside those three categories in those quarters?

Mr. COPPIE. These are part-time employees of the city, Mr. Diggs. I think the larger issue that you have reference to is the publicity that came out sometime ago pertaining to District employees, full time in the District facilities and paying, what in the judgment of

some, were ordinarily low rates and we have moved to correct that. This request is on a different thing from that.

Mr. REES. Is there any further discussion on section 7? Is there a motion to approve section 7?

Mr. DIGGS. I so move.

Mr. REES. It was moved by Mr. Diggs that section 7 be approved. All in favor, signify by saying aye.

[A chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The section is approved.

The next section is section 8, Fire Protection Services. This authorizes funds for the fire protection service to D.C. government institutions. They mention specifically Glenn Dale located outside the District of Columbia. The appropriation was \$1,200 for fiscal year 1973.

Is there any discussion on this?

What kind of services can you provide for a whole year on \$1,200?

Mr. KETCHUM. The water bill.

Mr. COPPIE. It's provided by the Glenn Dale Volunteer Fire Department. They are available 24 hours a day for the hospital if needed. That is really a nominal amount. That is the amount they have requested from the city for that service.

Mr. REES. Is there any other discussion by members of the committee? Mr. Dellums?

Mr. DELLUMS. Yes, Mr. Chairman. You mentioned specifically Glenn Dale Hospital. What about other facilities outside the District—such as Lorton, the Children's Center, etc.?

Mr. COPPIE. In the case of the Lorton complex, the fire equipment is within the complex and to the extent that it needs to be used, the inmates actually are responsible for the fire protection of the complex. In cases of other institutions, that are located outside of the city, the fire protection is provided by the jurisdiction without compensation from the city.

Mr. DELLUMS. With respect to Lorton, are there any payments made to people in Lorton in the event they assume responsibility for fighting fires?

Mr. COPPIE. I am really not too sure.

Mr. DELLUMS. Would you provide that for the record?

Mr. COPPIE. Yes.

[The material referred to follows:]

FIRE PROTECTION SERVICES AT LORTON CORRECTIONAL COMPLEX, DEPARTMENT OF CORRECTIONS, DISTRICT OF COLUMBIA GOVERNMENT

Fire protection services are provided at the Lorton Correctional Complex through a combination of on-site equipment and informal agreements with local firefighting companies.

There are three fire engines at the complex. One firefighter position has been authorized, but it is now vacant.

The staff of the correctional complex takes prime responsibility for controlling and putting out any fires that occur. Inmates may be asked to help fight fires, but the assistance of inmates has been extremely limited. Inmates do not receive extra compensation when they do assist in firefighting efforts.

Agreements with the local fire companies are informal and unwritten. The District Government does not make any financial contribution to the companies that have agreed to provide assistance in fire emergencies.

Mr. DELLUMS. Are there compacts among other area jurisdictions regarding fire service?

Mr. ROBINSON. There is an act of Congress which permits this under the Mutual Aid Agreement and I believe it is in effect with certain fire departments in Montgomery County. This provision, of course, would not apply to that because this is a volunteer department. This is not a government entity.

Mr. REES. Is this the only volunteer department that you deal with?

Mr. ROBINSON. At the present time.

Mr. REES. So you have to have specific language for this?

Mr. ROBINSON. For this one, yes, sir.

Mr. REES. Now, are there any more questions from the members of the committee?

Do we have a motion?

Mr. DELLUMS. I move that we adopt this section, Mr. Chairman.

Mr. REES. This section has been moved by Mr. Dellums. All in favor of accepting the resolution signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The section is approved.

The next section is section 9. Section 9 deals with the Funds for the Prevention and Detection of Crime. This is to authorize the Chief of Police, with the approval of the Commissioner of the District of Columbia, to make expenditures for the prevention and detection of crime under his certificate. The appropriation for fiscal year 1973 was \$200,000. Is there any discussion by members of the committee on this?

Mr. DELLUMS. Mr. Chairman.

Mr. REES. Mr. Dellums.

If memory serves me correctly, this item was near or nearer \$400,000 in fiscal year 1972 I wonder why it was almost twice as much as you spent in 1972 as opposed to what you requested this fiscal year.

Mr. COPPIE. The Deputy Chief of the Police Department is here, Chief Rabe. I believe that is not correct, Mr. Dellums. I think for the year that you have in mind it was less than \$200,000.

Mr. DELLUMS. Perhaps I put the question wrong. Why was almost twice as much spent as appropriated in fiscal year 1972?

Mr. COPPIE. Mr. Dellums, the authorization for 1972 was \$200,000. The appropriation was \$100,000 and we had the authority to spend up to \$200,000 through the authorization. They only gave us the actual appropriated amount of \$100,000. The additional \$90,000 was reprogrammed to meet the total cost of that fund that year.

Mr. DELLUMS. Do you have any idea approximately what was spent that total year?

Mr. COPPIE. Approximately \$190,000.

Mr. DELLUMS. For what purpose was the money used?

Mr. COPPIE. I'd prefer to have the representative of the Police Department answer that.

Chief Rabe.

Mr. REES. Chief.

Chief RABE. Mr. Chairman, in relationship to Mr. Dellums question, approximately 85 percent of the confidential funds used, were used for enforcement in narcotics violations. Since 1969 our arrests in narcotics have risen from 1,000 to almost 4,000 a year.

Mr. DELLUMS. Thank you.

Mr. DIGGS. Mr. Chairman.

Mr. REES. Mr. Diggs.

Mr. DIGGS. The counsel for the committee indicates to me that there never was any legislative authority for this particular line item, if I am correct, and that the Appropriations Committee put these funds in without any actual authorization for it.

Mr. REES. I have here an authorization for each of the past 5 fiscal years also the actual appropriations. So there must have been authorizations someplace. For example, 1969, \$35,000, fiscal 1970, \$35,000, fiscal 1971, \$100,000, fiscal 1972, \$200,000, fiscal 1973, \$200,000. The actual appropriations were less than that. When we get into the 1972 and 1973 authorizations, \$200,000 was spent for each of those years and the actual appropriation was for \$100,000. They spent over the appropriations.

Mr. WASHINGTON. If it has been authorized, there is no need for this section.

Mr. COPPIE. I think——

Mr. WASHINGTON. There never has been a substantive authorization. Mr. Chairman, If there had been a substantive authorization, Mr. Chairman, there would be no need for this section.

Mr. COPPIE. There is no substantive authorization. We are requesting specific legislative authority to avoid a point of order now.

Mr. REES. So both the authorization and the appropriations, are in a single bill.

Mr. COPPIE. That is correct, Mr. Rees.

Mr. DIGGS. Mr. Chairman, it says here that the certificate of the Chief of Police for such expenditures shall be deemed a sufficient voucher. I would like to know what is meant by the certificate of the Police Chief in this instance?

Mr. COPPIE. The certificate is not subject to audit, Mr. Diggs.

Mr. DIGGS. Does he provide some kind of report that says, "I authorized \$50 for this", and so on, with no indication as to who it was or whom it was expended?

Mr. ROBINSON. That is correct, Mr. Diggs. The fund is subject to audit by the District for the amount of money. But the question of who it is paid to and why, and so forth, is unaudited.

Mr. DIGGS. And the record of who is paid and for what purpose is all in the mind of the Police Chief?

Mr. ROBINSON. No.

Mr. DIGGS. There is no place anywhere in case anything came up regarding this expenditure, where an expenditure could be traced for an individual or for a given purpose?

Chief RABE. We keep that record ourselves, Mr. Diggs.

Mr. DIGGS. You keep the record?

Chief RABE. Yes, sir.

Mr. DIGGS. Who has access to that outside the Police Department?

Mr. ROBINSON. Courts, grand jury, or somebody like that.

Mr. DIGGS. But there is a record kept?

Chief RABE. Yes, sir.

Mr. KETCHUM. If I may, this is a common practice for every police department that I have ever had any contact with, and the same thing would be true for the U.S. Army. They all maintain the same type of records. The records of the expenditures are kept just like a secret.

document and it is subject to seizure by the grand jury, by the courts, if there ever was a question of the integrity of the Chief of Police.

Mr. DIGGS. Let me hasten to add, I am not questioning the integrity of the Chief of Police.

Mr. KETCHUM. Oh, no; I am sure you are not.

Chief RABE. It is necessary for the confidentiality, Mr. Diggs, of those persons that are involved, because it may bring them into investigation, it may involve the police officers and so forth. It is strictly for the confidentiality and protection involved.

Mr. DIGGS. Thank you, Mr. Chairman.

Mr. REES. Are there any other questions by the members of the committee?

Mr. DELLUMS. No, Mr. Chairman.

Mr. REES. Do I have a motion to that effect?

Mr. KETCHUM. I so move.

Mr. REES. It was moved by Mr. Ketchum that section 9 be approved. All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Those opposed?

[No response.]

Mr. REES. It is so approved.

Section 10 deals with Attendance at Pistol Matches. It authorizes the payment of the police officer to attend pistol matches and the appropriations for fiscal year 1973 was \$100. Is there any discussion of this section 10?

Mr. DELLUMS. Mr. Chairman.

Mr. REES. Mr. Dellums.

Mr. DELLUMS. While I realize \$100 is not very much money, my question is why isn't this covered under the general provisions that apply to conferences and professional gatherings; and, second, what is the general policy for conference attendances?

Chief RABE. Mr. Dellums, at the present time, the present Chief of Police has no intentions of using this provision of the bill, but he likes it in here. Chief Layton used it quite a bit before Chief Wilson came. The Chief would like it left in because the next chief might like to use it. We're concerned with the prevention of crime and the reduction of crime and so forth and he cannot foresee this being used during his administration. He would like to see it left in for the next person who occupies this position. The money would come out of appropriations for travel funding.

Mr. DELLUMS. Mr. Chairman, I raise the obvious question now: Why would we need it in here unless there is some anticipation by Chief Wilson using it this fiscal year? Otherwise, it would seem a failure on our part to authorize a provision that is not going to be used. I am not quite sure the rational justification for it. There's not very much, and I won't make a big deal out of it, but the principle still remains, why should we authorize it under the section of this act if the Chief says he doesn't plan to use it.

Chief RABE. Well, I think, Mr. Dellums, if I can answer you, it is in there for the purpose of making it a part of official duties. In other words, to let the man attend on a detail status and to permit the officer to have his fees paid for and so forth.

Mr. DELLUMS. Wouldn't it be just as easy to have this come under general provisions, for conference and professional meetings, or any

professional organizations that from time to time come together and require attendance?

Chief RABE. It could be used or placed in another portion of existing law. Of course, a pistol match does not fall within the definition of a convention or a conference or a meeting. It was felt necessary that the authority permitted by appropriations language for the past 33 years be continued by a substantive authorization. That is why it has been placed there. It could be placed somewhere, but in view of what the Chief said, it would be necessary, if it is not included, to come back to Congress at some future time and ask for substantial authority.

Mr. DIGGS. I am concerned about recommendations that you have made, to other sections, namely giving proper authorization to the local government. I don't see any reason why the Metropolitan Police Department should have to come up here on the Hill to get an authorization for this kind of payment. It isn't the amount of the payment that is important, but the fact that they have to come up here for this kind of authorization. I think this is one of the main problems with the governmental structure in this area and there are so many segments of the Government that bypass local jurisdictions and come up here on the Hill for one purpose or another. As a result, you have governmental authority diffused all over the place and important responsibilities are obscured. It is within that context that I see no reason for this section at all. I think we ought to remand it back to the local government or put it under some general provision.

Mr. DELLUMS. Mr. Chairman.

Mr. REES. Mr. Dellums.

Mr. DELLUMS. I would concur with the chairman. Were this \$100,000 and if the Chief said, "I don't need it", we would be hassling that point. We would seriously debate that question. It goes to the principal issue and when you couple that with the chairman's suggestion, I would suggest that this section be rewritten some way to give the local council opportunity to act upon this matter. It seems absurd that as Members of Congress we have to act on a \$100 item—a pistol match. I think that this is a concept of more local participation in making decisions by representatives of the District. I suggest that we have some kind of language for this section, remanding it back to the City Council.

Mr. KETCHUM. Mr. Chairman, I am inclined to agree with Mr. Dellums. It does seem a little ridiculous that a police chief who is running his department, can't make a determination as to the benefits of that department, whether for morale purposes or whether he can say I am going to send John Jones over here to California to a police match, or whatever. This just seems a little ridiculous that we have to complicate the statutes with some simple things such as this unless there is some overwhelming reason.

Mr. DIGGS. What would be the effect if we struck section 10?

Mr. KETCHUM. It would mean we would have to renumber the other sections.

[Laughter.]

Mr. ROBINSON. I think one of the things being overlooked is that Congress has already spoken in this field. I spoke a few minutes ago with respect to general authority. Congress has directed the Federal and District government employees that they cannot go to conventions, attend conferences, and participate in various professional organizations without authority. Now, until there is some type of home rule

bill, we have to seek authority from Congress to attend conferences and to perform duties which are related to these specific fields.

Mr. REES. If we pass section 10, is that the end of it? We are saying to the Commissioner that you can spend \$100. If we give a blanket authorization will it never come back to this committee?

Mr. COPPIE. That is correct.

Mr. REES. If you never want to see it again, you vote for it.

Mr. DIGGS. From here on out?

Mr. RESS. That is it.

Mr. WASHINGTON. Is it possible that it could come under section 9, the provision for the prevention and detection of crime?

Mr. ROBINSON. Those are two separate things.

Mr. WASHINGTON. Couldn't that be for the protection of crime? A pistol match?

Mr. ROBINSON. No.

Mr. REES. May I have a motion?

Mr. KETCHUM. I am going to make a motion. It is going to cost more than \$100 to print it.

Mr. REES. It is so moved by Mr. Ketchum that the section be approved. All in favor signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 10 is adopted.

Section 11 deals with the Payment of Rewards. The Commissioner is authorized to provide for the payment of rewards for the capture, or for information leading to the apprehension, of fugitives from the District of Columbia penal, correctional and welfare institutions and of conditional release parole violators. There was no expenditure for fiscal 1973.

Mr. KETCHUM. Mr. Chairman, I would suggest that the same amendment that you have been offering be placed in here.

Mr. REES. So your amendment would then be on line 19 after authorized "pursuant to regulations adopted by the City Council".

Mr. KETCHUM. Unless there is some overwhelming damage.

Mr. WASHINGTON. What about Park Police, executive services, correctional, panel offices of other jurisdictions, do we pay them?

Mr. REES. Well, we could offer an amendment on line 5, page 6, after institution, "any court, legal agency or other agency closely involved in the criminal process". I think that would tie it down.

Mr. DELLUMS. I move that amendment, Mr. Chairman.

Mr. REES. It has been moved by Mr. Dellums, is there any discussion from the District?

Mr. ROBINSON. I wanted to point out in the justification that the Congress was already providing this under law. The Attorney General of the United States has said you may pay rewards for the capture of individuals who violate the laws of the United States. The Commissioner is seeking the similar authority to pay for the escapees from the District institutions.

Mr. REES. Yes, I think we have two amendments: the first by Mr. Ketchum authorizes the City Council to draft regulations. All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Those opposed?

[No response.]

Mr. REES. The amendment is adopted.

The second amendment would be to include any other court, legal agency or other agency closely involved in the criminal justice process on line 5, page 6.

Mr. DELLUMS. I so move.

Mr. REES. It has been so moved by Mr. Dellums.

All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Those opposed?

[No response.]

Mr. REES. The amendment is approved.

We find that it is 12 o'clock. We do have a session today and I suspect we might lose some of our members. I am available; should we try to keep on going on this bill?

Mr. KETCHUM. I am one of the officials that is going to have to leave, and judging from what has occurred in this session thus far, I don't see any reason for me to object. My minority counsel will be here and I will have an opportunity to object if there is something that is included that I disagree with. I don't want you to discontinue when it is so difficult to get a group together, if that is alright with you.

Mr. REES. Fine.

Mr. KETCHUM. That is fine with me.

That would be with the exception of the two sections we discussed before.

Mr. REES. Part of the problems under the rules of the House, Mr. Washington, is that we are having both a pro forma session and a markup session, and I don't know if under the rules, if we can have a markup session when the House is in session. We can have testimony when the House is in session.

Mr. KETCHUM. You can't do it during the 5-minute rule.

Mr. REES. Well, then would the committee wish to continue now to say about 12:30 or do you wish to have lunch and come back?

Mr. DELLUMS. I would say go to 12:30.

Mr. REES. Let's continue until 12:30.

Before you leave, I wish to say that I intend to cut the bill off whenever we stop and will entertain a motion to take what we have approved, reintroduce it as a clean bill, and recommend it to the full committee. That way we will at least have something coming out of the subcommittee and going to the full committee. At the next meeting of this committee we will continue where we cut off and will do the same thing with that portion that has been approved. We will introduce it as a clean bill and it will go to the full committee as recommended by the subcommittee.

Mr. DIGGS. That sounds reasonable to me.

Mr. REES. OK, the next section is section 12 which is the Discharge and Release of Payments. It provides authority for payment to prisoners under the D.C. law a sum of money not to exceed \$100 when released. The appropriations for fiscal year 1973 was \$75,000. Is there any discussion by members of the subcommittee on section 12 of the bill?

Mr. DIGGS. I move we approve this section.

Mr. REES. It's moved by Mr. Diggs that section 12 be approved. All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The section is approved.

The next section is the Construction Services Working Fund. I understand Mr. Starobin is here.

Mr. COPPIE. He is here and he is the Director, Department of General Services, and that department has this responsibility.

STATEMENT OF SAMUEL STAROBIN, DIRECTOR, DEPARTMENT OF GENERAL SERVICES, DISTRICT OF COLUMBIA GOVERNMENT

Mr. STAROBIN. Good afternoon, Mr. Chairman.

Mr. REES. This provides advances and funds for preliminary planning surveys, preparation of plans and specifications, soil investigation, administration, overhead, planning design, engineering, inspection and contract management. The appropriations is up to \$13 million per year. Mr. Starobin could you explain the Construction Services Working Fund?

Colonel STAROBIN. Yes, Mr. Chairman. As is stated in the bill, this is the money allocated from primarily the design and administration management of the construction projects. It is estimated at or calculated at 10 percent of the construction cost of the project. The money is used for two primary purposes: for payment of the architect engineer and, in most cases that architect engineer is a private firm, for the administration of the project, which is used for paying employees in my department.

This practice is analogous to practices of General Services Administration and the construction services of the military departments though the procedures vary between my department and these other agencies.

Is there any further information you would like for me to give you, Mr. Chairman. It is a very complex subject and I could go on for quite some length. If there are any specific questions, I would like to respond to those, sir.

Mr. REES. Let me ask you about a couple of amendments I have been thinking about, Mr. Starobin.

On line 18 it states the Commissioner is authorized to transfer such funds from capital outlay appropriations for public construction such amounts as he may deem necessary. Could we have—the Commissioner is authorized, "pursuant to regulations prescribed by the City Council," so that you would have a more definite set of procedures for the transfer of this money. The second amendment would again be on the District of Columbia Council, which would be page 7 after contract management on line 7. The amendment would be, "the District of Columbia Council shall annually review the budget of the Construction Services Fund according to the budget plan of reorganization, Plan No. 3," so that number one, the Council develops the regulations under which the Commissioner is authorized to make the transfer payment and number two, that there shall be an annual review of the budget of the Construction Services Fund.

Colonel STAROBIN. Well, I will take up the second one regarding the annual review. Of course, my funds are subject to review. At present, they are reviewed by the Budget and Financial Management. To what extent the City Council wants to intervene in the review of one fund as opposed to their interest in all funds of the city. I am not sure why this fund should be singled out for that specific treatment. The principle that it's subject to audit, I certainly do not question. As to the first statement, pursuant to regulations, a question comes up as to the extent the Council wishes to intervene in the specific workings design and construction process, that effects the executive's authority.

You understand, of course, Mr. Chairman, that the sums that are deposited in this fund are submitted to the City Council during their review of the annual budget. That is, in the review of the specific projects that come before them. To make it a bit more specific when the annual budget is submitted, the capital improvement items are presented for review by the City Council, project by project, and debated and questioned by them on the merits of those projects. We review the substance, the justification for the project, the magnitude, its intent, the cost estimate, and, as part of the cost estimate, that portion devoted to construction services. So there already is a process for review of Construction Services allocations in that annual budgetary process. What further regulations are necessary for them I am not sure, and I could see if there were to be additional provisions, it could begin to intervene in the authority of the Mayor-Commissioner, from whom I draw all my authority, to carry out the specifics of the projects.

Mr. REES. Well, we have a fund that is a working fund. It does not have a physical year limitation. If the Council would authorize, say, a new court building—

Colonel STAROBIN. Yes, sir.

Mr. REES. I would hope it would be a little less than the one proposed by the District. They would then authorize an expenditure of so much money and that would be it.

Colonel STAROBIN. Yes, sir.

Mr. REES. So what this does is authorize the Council to annually review the Construction Services Working Funds to see what is going on in the development of the projects in the District.

Mr. COPPIE. I think, Mr. Chairman, the intent is to have the Commissioner provide an annual report in regard to the operations of the Construction Working Fund. I don't believe we have any problem with that.

On the other hand, having the City Council establish regulations in regard to the way the fund is to be used, I think we do have serious reservations. I think that is what Colonel Starobin is addressing. You see, it is Commissioner's responsibility to execute the budget, subject to the guidelines laid down by the law. I don't think that execution responsibility should be infringed upon in any way, that could jeopardize our capital program services to the City which is what I think our concern here is.

Mr. REES. Your recommendation would be that the first amendment on line 18 would not be valid because it infringes upon the executive authority of the Mayor if the City Council approved the project.

Mr. COPPIE. That is correct. We would have no problem with regard to an annual report if that is a reasonable compromise in terms of what you are perhaps concerned with here.

Mr. REES. Then if we add a separate sentence following a period on line 7, saying that the District of Columbia Council shall annually review the budget of the Construction Services Fund according to the budget plan and reorganization plan No. 3 that would be a reasonable relationship.

Colonel STAROBIN. I sincerely see no objection in that.

Mr. HOGAN. Isn't that more surplusage? It's being done now. They do that as a matter of course.

Mr. COPPIE. That is correct.

Mr. HOGAN. In other words when the Council reviews the capital budget and the operating budget, they review the working funds for the capital projects.

Colonel STAROBIN. Perhaps I might add they review the capital funds as they are presented to them in the budget every year before the budget is subsequently presented to the Congress.

At this time, I could not present a report to them of the status of the funds in my operations at the end of the year. This, of course, is reviewed by the Budget and Financial Management.

Mr. HOGAN. What the chairman is suggesting here is new authority for the Council. They would review the working funds.

Colonel STAROBIN. Yes.

Mr. REES. I was wondering, what is the attitude of the School Board since there are capital projects for the school districts.

Do we have anyone from the school district that might want to testify on this?

Would you please step up to the table.

Please give us your name and position.

Mr. CASSELL. Yes, sir, Mr. Chairman. Charles Cassell, I am a member of the Board of Education and chairman of the Capital Outlay Buildings and Sites Committee. Our first concern about this hearing is that we did not know about it. We found out through this committee. We think that it would have been appropriate for the D.C. government to advise us first of this bill and its contents and to give us an opportunity, as you have asked us to do now, and we're glad to have that opportunity.

We are concerned that the D.C. School Board which by law has the control over public education in Washington, D.C. and that to us means that we also determine policy regarding every aspect to the school system. Our major concern is that when construction projects are developed by the Department of General Services, whose Director has now testified before you, we have an opportunity to kind of review them similar to the oversight that you were suggesting for the D.C. Council. We think we should have that.

One of our recommendations has been that provision be made for the submission of accurate financial statements to the D.C. Public Schools, on a monthly basis or quarterly basis, covering maintenance and capital outlays, including permanent improvements by building and project. We are an elected Board; we're constantly getting questions also from the public on the caliber of maintenance projects and also capital outlay projects. It is difficult for us from time to time to know the status of the projects and I think your suggestion was a good one.

We would like to know the final status. There is an item in our budget called Permanent Improvement, and we saw on March 30th,

there was an unexpended fund of some \$9 million, but yet we have insufficient money to maintain our schools in an efficient and reasonable manner. We can't find out why. We talked about that in April, last year, and May, and we want to know how much is left now. Is there some way to reprogram that back into the maintenance program. We have had many conversations with members of the D.C. government and were told it was difficult to tell at any particular time what the unexpended funds are. What we want to know is can we reprogram whatever you've got there into our maintenance program. We feel that the difficulty is that whereas we have by law the responsibility for the schools, which means policy in every respect as we see it, by practice, the District of Columbia government has the sole responsibility for contracting, for engaging contractors, monitoring their work, and for the delivery of schools. We would like an opportunity to talk before each congressional committee which has any concern with the Department of General Services about a new arrangement in which we would have the opportunity ourselves not only to know month by month the procedures in the Department of General Services but to participate within them in accordance with the law.

Mr. REES. May I interrupt, to ask Mr. Dellums, the chairman of the Subcommittee on Education about what plans there might be concerning the relationship between the School Board and the City Council and the Mayor in terms of capital outlay, maintenance, and support funds for the schools. We're not handling that here directly in this committee. I suspect it would be decided between your committee and the Committee on Home Rule.

Mr. DELLUMS. First of all, in the caucus meeting held, we discussed this matter. As for the Board of Education's independence, we plan to hold hearings to try to meet the deadline established by the chairman. And so, while I am not able to answer the question at this time, I think it will come out at the hearings. One alternative may be to allow the community itself to determine the nature or relationship between the School Board and the City Council. We have not resolved the matter as yet and I feel it would be very premature to try to answer that question at this point.

Mr. REES. Since this is unresolved Mr. Dellums, would you state whether the School Board is a separate entity completely separate from the city government, and whether they have their own mandatory and tax rate built right into the property tax. The tax formula between the State and local school district determines how much money goes into the District. That is based on the assessed evaluations per pupil. Since the subject is up in the air, it might be best to approve the Construction Working Fund but also ask Congressman Dellums to consider the problem of capital outlay projects and maintenance projects in the District schools regarding the work he is doing under his concern.

Mr. CASSELL. There is one problem that we have with section 13, Construction Services Working Fund. It seems to me it is very general, but sufficiently flexible that the Commissioner of the District of Columbia, if he so decided, could transfer some of the moneys for one project which may happen to be a school project to another project, say a library. We don't see any prohibition against that. We don't know for a fact if that does not happen. We don't mean to reflect upon anybody's integrity or anybody's purposes. It seems to

me the school budget is inviolate and that the flexibility here which resides in the office of the Mayor excludes the School Board completely from determining how money shall be reprogrammed within the school budget and also from protecting any imbalance that may exist outside the school system from a raid of the D.C. government. Whether that is done, I don't know; but it seems that we need some kind of protection. Section 13 here is simply not specific enough. There should be a review by the City Council, not simply a report in the beginning when they approve it, but a review in due course of how this will operate. We would like that sort of information too. We think it should be incorporated.

Colonel STAROBIN. Mr. Chairman, could I speak to those issues.
Mr. REES. Yes.

Colonel STAROBIN. The moneys that are appropriated to the Capital Improvement Budget annually by Congress are very specific as to project. Money is appropriated project by project. They cannot be transferred from one project fund to another project without resubmission to the Congress and therefore, the fear, suspicions or charge that the Commissioner could on his own authority transfer these funds from one project, from one agency to another, is really without basis by the very structure of our budgetary system.

Mr. COPPIE. To reinforce that, Mr. Chairman, the Colonel has made a telling and valid point. There is absolutely no precedent in the history of the reorganized government in 1967 for the transfer of funds from a school project to another project in the District government. That doesn't mean it could not be done. It could be done. It would require the City Council and ultimately approval of the Congress. We don't have any authority to transfer funds in the capital outlay area at the discretion of the District government.

Mr. REES. I was wondering if this might be a solution. It is difficult at this time to write in specific participation by the School Board. The matter is in flux. We really don't know what the recommendations will be regarding the elected School Board and the elected City Council. If we can insert the language "the D.C. Council shall amiably review the budget, Construction Services Funds, according to the budgetary reorganization, plan 3", at least you have a City Council reviewing that and I would suspect that the School Board would be allowed to participate. I can't conceive of the School Board's not being allowed to participate in an annual review by the City Council.

Mr. CASSELL. I think this law should be structured to have a section here where there should be a review by the City Council. It seems to me there should also be more regular reports to the Board of Education as to how money for a particular project is being spent in the course of the year. I have indicated that a verification of that particular problem is the fact that we can't find out at any one particular point how much money is left under unexpended funds in our own permanent improvement program because we don't decide on it. I have asked Colonel Starobin, I have talked to other people in the office, and I have just simply said there is \$9 million as of March 30, how much is there now. I should think that he would be able to simply open a book and go to a file and say since March 30, we have expended these funds. This is what is left. I would like to be able to say that I have got 75 broken windows at a particular location, I would like to reprogram some of that money. I shouldn't have to go and ask those questions. We don't like the fact

that we don't even control those funds in the first place. That is the form of government we have. At least we should have regular reports and be able to make decisions when citizens talk to us about this.

Mr. REES. OK, let me interrupt you for 1 second. How about a sentence saying that the Commissioner shall report quarterly to the D.C. School Board the status of the funds previously authorized for school construction. What about something like that?

Colonel STAROBIN. Mr. Chairman, I would tend to choose my words very carefully. I have an open relationship with the administration of the public schools, a continuous relationship which has no secrets. I make everything available to them I can concerning the request that Mr. Cassell said that he has personally asked of me, and my nonresponsiveness, I am at this moment totally unaware of the request and my nonresponsiveness to it. I will assure Mr. Cassell and the Board of Education that I will, as I have in the past, make all records related to school activities available to them. There are no secrets. The only problems would be those caused by the mechanics of the accounting system. I am responsible to the Board of Education, to the Board of Library, Recreation, all other agencies for the expenditure of their money and I cherish the integrity of the relationship. The annual reports that are needed I will render.

Mr. REES. Thank you very much, sir.

Mr. DELLUMS. Might I add a note, I think that you are proceeding down the correct path. I would suggest to my friend and colleague that during the Education Subcommittee hearings, we will discuss this matter very thoroughly since that subcommittee has now been given authority to look into the whole question of the role of the Board of Education in any self-determination process. In the hearings we will have more than ample time to make specific recommendations with respect to this issue and many others. I think it is a complex question and I certainly do not want to impugn the integrity of the gentleman who made the statement, but I think the relationships will have to be clarified. In checking with counsel, it will be perfectly within our right to come up with language to take care of those objectives. I would say to the gentleman, in regard to your concern and objections, you will have more than adequate time to address those questions and come up with legislative statements that would go in the overall self-determination package that would deal with the whole question of the Board of Education. I would go further than that to say that whether or not we're successful with self-determination, that the committee will continue to attempt to come up with specific regulations that would deal with the many bureaucratic problems that inhibit the School Board's ability to function.

Mr. CASSELL. I think this problem is more immediate. Do you mean self-government?

Mr. DELLUMS. Self-determination in a more generic term.

Mr. CASSELL. Alright. Sir, I think this is for fiscal 1974. We don't know how long it is going to take for the reorganization of the form of government we have here, and with the suggestion that you made as Colonel Starobin stated, it seems to be quite appropriate for this hearing.

Mr. REES. Good. I appreciate that. We are considering section 13 concerning Services Working Funds. There is one amendment which

calls for the annual City Council review. Do I have a motion on the first amendment?

Mr. DELLUMS. I so move.

Mr. REES. It was moved by Mr. Dellums.

All in favor of the City Council reviewing this, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The amendment is approved.

The second amendment would be a quarterly report by the Commissioner to the School Board on the status of funds authorized for school construction included in the construction services working funds.

Colonel STAROBIN. Well, to be a bit more specific, in the capital improvement program, funds are calculated for new construction, modifications of existing buildings and certain repair projects identified as permanent improvements. So there are certain capital maintenance items that appear here that are evidently entered into the discussion. There is another area to which Mr. Cassell alluded which is operational maintenance which does not enter into this discussion.

Mr. REES. Fine, this amendment would take in all types of construction or construction maintenance which comes under the Construction Services Working Fund.

Colonel STAROBIN. Right, sir; if I might clarify the point. This bill specifically speaks of construction. Mr. Cassell has been really speaking about the construction money. I have no parlanche for identifying project-by-project what the status is of the use of the construction money. That is somewhat different from the Construction Services Funds we're talking about here and we do have a mismatch of terms. I have no problems with rendering a report, a report of the Construction Services money.

However, it is very complex and I am not too sure what it would profit the Board of Education to get a report of that.

Mr. REES. I was wondering if the committee counsel could get together on this so there could be some specific language on identifying type of school project.

Colonel STAROBIN. I would be happy to get together with them.

Mr. WASHINGTON. I would like to know if section 13 constitutes legislative authority to provide for the Eisenhower Center?

Colonel STAROBIN. No, sir; it has nothing to do with the construction of the Eisenhower Center.

Mr. WASHINGTON. How about any of the architectural designs?

Colonel STAROBIN. No, sir.

Mr. HOGAN. Mr. Chairman, I am not sure of the position that the minority members might take on amendment No. 2. There is every likelihood that one of these Members might take objection to legislating in detail how the various agencies within the District government are to comport themselves with one to the other. I think, for instance, there was a hesitation on the part of the Nelsen Commission to get down into such detail as suggested in amendment No. 2 and I don't know if I can predict what position they might take, but it seems to me that that amendment No. 1, if it were to have any effect,

amendment No. 1 may very well take care of what you are trying to get out of amendment No. 2.

If the City Council is to have this kind of review, it would seem like the Council might deal with what you are trying to do with amendment No. 2, and if there were language in the report accompanying this bill suggesting something like that, and indicating that there is a problem here that, hopefully, the Council, which you're trying to make them more responsive and more responsible, would take up this kind of detail.

Mr. REES. Mr. Dellums.

Mr. DELLUMS. I have one other question, Mr. Chairman. Are we going to adhere to our timeframe?

Mr. REES. We are trying to adhere to our timeframe. If the question is not resolved, or if there is no opposition for this, of course, a point of order would lie. The intention at the beginning was to try to have a markup on each section and report those sections to the full committee. So if there is opposition or if you feel you cannot speak for the minority members on section 13, I think it would be best for us to cut the bill off at this point and reconvene at a later date. We could start with section 13 again and I would hope some minority members could be present.

Mr. HOGAN. As I say, there might be some problems with amendment No. 2 as it relates to very substantial detail. I think perhaps this is in line with other comments that have been made in the committee on other occasions about the Congress legislating and applying heights. You know they get down to that detail in dealing with the District repairs and so forth. So in line with that, they may object.

Mr. REES. Well, in line with that, I will entertain a motion to report sections 1 through 12 to the full committee and to introduce a clean bill that will reflect the recommendations of this committee in sections 1 through 12 to be brought up at the next meeting of the full District of Columbia Committee.

Mr. DELLUMS. I so move.

Mr. REES. It was moved by Mr. Dellums. All in favor, signify by saying aye.

[Chorus of ayes.]

Mr. REES. Opposed?

[No response.]

Mr. REES. It is so moved.

I wish to note for the purposes of the record that Mr. Shuster of Pennsylvania was here.

Mr. COPPIE. If I may make a comment, Mr. Chairman, I want to establish the absolute importance of section 13 and other sections to follow. As I indicated in my opening remarks, we have concluded our hearings on the 1974 appropriations bill and it is my understanding that that bill will begin to move through the appropriations processes in early June. It will be our hope that this other section will be considered at an early date, passed upon before the appropriations bill begins to move.

Mr. REES. I would like to have a hearing on Tuesday afternoon. I know Mr. Ketchum is interested in the taxi situation. I cannot promise that we can go through this. I would like to have finished today, but will now call a meeting for 2 o'clock Tuesday afternoon.

Again, it will be difficult. We will probably have legislation on the floor. This will again be a combination discussion and markup session to start with section 13. I hope that perhaps we might get a workout on that second amendment. There is an implicit understanding that the School Board is to be brought in because they are a separate elected entity.

Mr. WASHINGTON. You still want a clean bill.

Mr. REES. We still want a clean bill to go through section 12. The new bill will start with section 13.

Mr. COPPIE. Thank you very much, Mr. Chairman.

Mr. REES. The committee is recessed until Tuesday. We are not adjourning, we are recessing until a later date on basically the same bill.

Mr. HOGAN. I will bring this section of the bill to the attention of the minority members of this committee.

Mr. REES. Good, I appreciate that.

I thank you all for your participation.

[Thereupon, at 12:40 p.m. the hearing was recessed, to reconvene on Tuesday, May 22, 1973.]

AUTHORIZATION OF CERTAIN PROGRAMS AND ACTIVITIES OF THE GOVERNMENT OF THE DISTRICT OF COLUMBIA

TUESDAY, MAY 22, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON REVENUE AND FINANCIAL AFFAIRS,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to notice, at 2:45 p.m., in room 1310, Longworth House Office Building, Hon. Thomas M. Rees, presiding.

Present: Representatives Rees (presiding), Diggs, Ketchum, and Fauntroy.

Also present: Robert Washington, Chief Counsel and John Hogan, Minority Counsel.

Mr. REES. I call the committee to order. We do not have a quorum. Under the rules of the Full Committee unless a point of order is made by a member, we can't continue a markup session. If any point of order is made by a member of the committee when there is not a quorum present, of course, the committee cannot take any official action.

Our method of working is not to have a specific period for testimony and then another period for markup. We are trying to combine both the testimony and markups in one session. One reason is that it's very difficult to get a quorum for the District Committee and its Subcommittees, and we are hoping that this format might encourage more members to come because we are getting more work done.

During the previous session we went through sections 1 thru 12. The language is now being incorporated into a new bill to introduce before the Full Committee.

The second bill will commence with section 13, which is the Construction Services Working Fund. Mr. Coppie, would you and your staff come up?

Concerning the Construction Services Working Fund authorization, it was felt there was not enough notice to the City Council, the Board of Higher Education, the Vocational and Educational Board, the Board of Education and the other agencies that were participating in Capitol Outlay Program. I have some language here which reads, "The District of Columbia Council, the Board of Education, the Board of Vocational Education, Public Library Board, the Executive Committee of the District of Columbia for court systems shall be fully advised at least semi-annually concerning the status of projects and activities within their particular areas of concern which are primarily Construction Services Fund."

This would be in addition to Section 13.

The purpose of the language is to set up a specific procedure where-by various agencies and the District Government who deal with Capitol Outlay will have a specific report stating how their own projects are coming along.

Do you have a copy of this language?

Mr. COPPIE. We do, Mr. Chairman.

Chairman REES. Good. Now, there's one other amendment which has been offered on page 6, line 18, which is "pursuant to regulations prescribed the City Council." I think the feeling last week was that though the transferring of such funds was basically an executive function, it would confuse the situation to have the transfer according to regulations set forth by the District of Columbia Council, so, we'll leave the language as it is on line 18. So, the only amendment we are talking about right now is the amendment I read today. Do you have any comment?

Mr. COPPIE. Mr. Chairman, we have reviewed the language and it has been reviewed by the department that has the responsibility of providing this information to the respective boards and the City Council, and the language is acceptable to the City Council.

Chairman REES. Is there any comment from members of the Committee on the language?

Mr. COPPIE. No.

Mr. REES. The Chair will entertain a motion on the amendment.

Mr. FAUNTROY. I so move, Mr. Chairman.

Mr. REES. It has been moved by Mr. Fauntroy that the amendment be adopted. All of the members in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The amendment is adopted. It has been moved by Mr. Fauntroy that Section 13 as amended be approved. All in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. It is adopted.

The next section is Snow and Ice Removal.

The appropriation for the last fiscal year was \$425,000.

Let me just ask one question on this. If the money is appropriated and there is no snow and ice as last year, does it revert back to the treasury?

Mr. COPPIE. Or it can be made available for another purpose subject to the reprogramming requirements which have been outlined by the Congress and appropriation reports for the District of Columbia Appropriation Bill.

For example, to get very specific this year we did propose and this has been approved by the House, \$300,000 to reprogram to improve the quality of maintenance in the D.C. parks that are under D.C. jurisdiction. We also have requested, and this has been approved, that the funding surplus be reprogrammed to meet the increased cost associated with street lighting in the city as a result of the Pepco increase in rates.

Mr. REES. Are there any other comments from members of the Committee? Do I hear a motion?

Mr. DIGGS. So moved, Mr. Chairman.

Mr. REES. It has been moved by Congressman Diggs that Section 14 be approved. All in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Those opposed? The motion is approved.

The next Section, 15, is Federal-aid Highway Projects.

During the last fiscal year the appropriation was \$24,363,000. This authorizes the District of Columbia to obligate funds in advance of reimbursement by the Federal Government. You are more or less guaranteed funds. All you are doing here is drawing against this account when the contract is made.

Mr. COPPIE. That is correct, Mr. Chairman. Before we go under contract we sign a contract agreement with the United States Department of Transportation and that project agreement does guarantee full reimbursement and they protect themselves too.

Mr. REES. Any comments from members of the Committee?

Mr. FAUNTROY. I move its adoption.

Mr. REES. Moved by Mr. Fauntroy that the Section 15 be approved. All in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed.

[No response.]

Mr. REES. The motion has been approved.

The next Section 16, Grade-crossing Elimination Projects. It provides the same authority as in Section 15. This is tied to the Federal Highway Systems.

How much money was spent on this type of project in the last fiscal year?

Mr. COPPIE. Mr. Boynton from the Department of Highways and Traffic is here. I would like to ask him to answer that question.

Mr. BOYNTON. Mr. Chairman, last year we had no grade separation projects underway. There is one that is coming up shortly, it will be the H Street Viaduct back of the Visitor's Center, but in the past fiscal year we did not have any grade separation projects under construction.

Mr. REES. Are these paid for by Federal funds or is there a contribution by the railroads?

Mr. BOYNTON. There is no contribution by the railroads. There is a local contribution if a right of way is involved. Under the Federal regulations on grade separations, 100% funding is not provided for right of way, right of way is split 50% Federal funds and 50% local funds.

Mr. REES. Any questions by members of the Committee?

Mr. KETCHUM. Who is the gentleman who is speaking?

Mr. BOYNTON. Mr. Boynton is my name.

Mr. KETCHUM. Your job, sir?

Mr. BOYNTON. I am assistant director for Business Administration, D.C. Department of Highways and Traffic.

Mr. KETCHUM. I wonder if I could ask a question if this is relevant to this particular section. Can you tell me why it is that any time in the District of Columbia you are going to do any road work, it starts at 9 o'clock in the morning right in the middle of the rush hour?

Everytime I go out in the morning there is a jackhammer working right in front.

Mr. BOYNTON. We do have regulations starting construction work on arterial streets or in the downtown areas during rush hours. I can check that out for you, sir. I was under the impression we didn't let them start in the downtown areas or arterials until 9:30 o'clock.

Mr. KETCHUM. I live in the Southwest section. I don't know whether that is downtown or not. Anything is downtown to me, I am from the farm but it just seems that 9 o'clock every morning somewhere between there and South Capitol Street or down on the freeway, the jackhammers come out just about the time for all the cars and the buses are coming in. Could that start at 10 o'clock?

Mr. BOYNTON. Of course, a lot of it also is not our construction. It could be as an example, utilities and they get the permits from us and we spell that out in their permits the time they can start to work. I will be very glad to check this out for you, Mr. Ketchum. As I recall, we limit them to 9:30 o'clock on arterial streets.

Mr. KETCHUM. I don't want to belabor it, it is a waste of the Committee's time but it is of interest to me.

Mr. BOYNTON. Unless it is an emergency situation, a water leak or something like that, where the water is interrupted, but that is a little different situation.

Mr. KETCHUM. It would give the police a better opportunity to direct traffic. Thank you.

Mr. REES. Do you have an agency in the D.C. Government that coordinates traffic signals?

Mr. BOYNTON. Yes, sir, our department does.

Mr. REES. Do you have any sophisticated type of device that measures rush hour traffic with normal traffic?

Mr. BOYNTON. Generally Mr. Rees, at the present time our basic system has three programs. There's a morning rush hour program. There's an off peak program and there's an evening rush program. These three programs are fixed for those hours. They are computerized and the signals are controlled by either landwire or by radio from the computer.

We are presently working on a system with a demonstration grant from the Department of Transportation using 100% Federal funds. It's a pilot project affecting 100 intersections in the city in which the traffic signals will be controlled. They call it, traffic responsive control. The technical name for the system as UCTS and if the system works, when traffic begins to back up at an intersection, the fact it is backing up flashes a signal to the computer and the computer changes the cycle and at the same time it also changes the cycle of the intersecting streets to keep it moving.

Mr. REES. I appreciate that. I am really trying to help the taxi cabs during the rush hours. I assume we are here to discuss this in a different section.

Are there any more comments on Section 16?

Mr. KETCHUM. I move its adoption.

Mr. REES. It has been moved by Mr. Ketchum that Section 16 be approved on Grade-crossing Elimination Projects. All those in favor say aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 16 is approved.

Section 17, Civil Defense Matching Funds. There's one estimate here which allows the District to use appropriated funds to establish an office of Civil Defense to match Civil Defense grants.

Mr. COPPIE, do you have much action in this field?

Mr. COPPIE. Mr. Chairman, the largest expenditures that I do have on record form is in 1972 when we spent approximately \$46,000 of department general services to purchase emergency generators for the D.C. General Hospital. That was the total project cost and the District share was \$23,000.

In '73 we are talking about a very modest amount for the Department of Human Resources and D.C. City Council. In both instances it was under \$1,000 in terms of total project cost.

Mr. REES. What do you think of a possible amendment on line 18 after the comma following "commissioner and approved by the city council," so it reads, "When authorized by the commissioner and approved by the city council, appropriations available to the District of Columbia, etc. Do you think that would interfere too much with the executive function?"

Mr. ROBINSON. Mr. Chairman, I believe that basically when a project is undertaken, when funds are made available by the Federal agency involved it becomes an administrative act which the District Government is going to participate in, then it would have to match those amounts. If each time the commissioner was required to either secure from the council a regulation or if there were basic regulations covering these type of activities, in a sense it might hinder the operations of this program. As Mr. Coppie has indicated however, this is not an ongoing thing. There are only a few instances in each fiscal year where this authority would be needed.

Mr. REES. Any questions by members of the Committee?

Mr. KETCHUM. One, Mr. Chairman. Line 18 in that section, page 8, aren't those appropriations approved by the city council to begin with?

Mr. COPPIE. They are. Mr. Ketchum, and perhaps implicit is the approval of the request for equipment of this kind.

Mr. KETCHUM. What I was going to say, Mr. Chairman, it would appear to me that if those appropriations had to come through some form of city council approval, that it would be sort of tantamount if you put in additional subject to city council. The city council's appropriating and turning around and saying, if you want to spend, you've got to come back to Congress or come back to the city council and they have already acted. At least, that's my understanding.

Mr. REES. No, this kind of appropriation says, "When authorized by the commissioner, appropriations available to the District of Columbia." Is that the way you want it?

Mr. COPPIE. That's correct.

Mr. REES. So, they have been earmarked for a specific project.

Mr. COPPIE. That is correct.

Mr. REES. And all the commissioner does is to push the trigger to spend that money.

Mr. COPPIE. That is correct.

Mr. HOGAN. Mr. Chairman, as I understand it, Mr. Coppie can correct me if I am wrong, this section is to permit the District of Columbia to enter into contracts for obtaining materials from the Federal Government agencies and this authorizes that we use appropriations for that purpose as it might be related to Civil Defense?

Mr. COPPIE. It applies to surplus, sir, Federal property. I believe the answer to be no. If you are talking about a specific match for the total cost of a project presumably the equipment would be new equipment.

Mr. HOGAN. It could be used or new, it would be equipment that would have a cost attached but would not necessarily be excess at no cost to the Federal Government. As I understand it, is that correct or isn't it?

Mr. COPPIE. I suspect that is correct, Mr. Hogan.

Mr. HOGAN. In other words, as Mr. Ketchum was saying is there any other instance where the council would effect the approval of the expenditure of funds after they have been appropriated, and after the council had approved the budget or the budget had been approved in the regular course of submission to the DOD and Congress, can you think of any like circumstances, like situations where the council has approved the expenditure of fund or the obligation for them.

Mr. COPPIE. Not after it has taken the initial or supplemental budgetary action.

Mr. HOGAN. This would be the new authority of the District Council vis-a-vis the commissioner.

Mr. COPPIE. If I understand the amendment, the amendment says it is subject to city council approval. Which specifically identify the equipment in the budget and then it's going to be matched by Federal dollars. The council at that point would be taking an action to either accept or reject it with regard to that equipment purchase.

Mr. HOGAN. I think what Mr. Ketchum is trying to get at, what is the position of the commissioner as it relates to the amendment here? Would he favor or not favor this particular amendment?

Mr. COPPIE. I think what I am saying in response to what I thought which is Mr. Ketchum's point, is that the amendment perhaps is not needed because implicit in the council's approval of the budget is the approval of the very kind of purchases we are suggesting we would need the authority for.

Mr. KETCHUM. One further question pertaining to this section, how long is the city council debating or discussing or rechecking the budget before its approval under normal circumstances?

Mr. COPPIE. Mr. Ketchum, by the reorganization plan of 1967, they only have 30 days. They have 30 days in which to consider the annual budget request and 30 days for something else that is before them.

Mr. KETCHUM. 30 days includes what, meeting twice a month?

Mr. COPPIE. No, I believe they meet probably weekly during the Fall, Winter and Spring and then in the Summer, they are on a reduced schedule.

Mr. KETCHUM. During the budget deliberations, the city council—perhaps Mr. Fauntroy can tell me having lived here—during the budget deliberations these 30 days they consider the budget and they meet once a week during that period?

Mr. COPPIE. During that period they are meeting on a very intensive and regular basis.

Mr. KETCHUM. By intensive and regular——

Mr. COPPIE. Daily.

Mr. KETCHUM. Daily and 30 days. Okay. I am interested because your budget is of considerable size in comparison to the size of the city. Thank you.

Mr. REES. Are there any more questions on Section 17? If not, moved by Mr. Fauntroy, seconded by Mr. Ketchum, Section 17 be approved—all in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 17 approved.

Section 18, it is my understanding that we did Section 18, Acquisition of Land for Washington Aqueduct. The engineer testifying on this stated at the time that Section 18 is approved and will be recommended to the Full Committee.

The next item is Section 19, Administrative Expenses of Workmen's Compensation Law. The appropriation for last fiscal year was \$549,000. This provides authority for funding from the D.C. appropriations for the administrative expense incurred by the Department of Labor.

In cities other than the District, do they contract with the Department of Labor or do they do their own compensation work?

Mr. ROBINSON. This type of activity, Mr. Chairman, is unique in the District of Columbia. Most states operate their own Departments of Labor and carry out State oriented functions. The District of Columbia does not have a representative in the Department of Labor, and so of necessity many of the labor functions normally carried out by a State Department are carried on here by the Federal Government.

Mr. REES. How does this work on a cost basis? Can you save money by having a contract with the Department of Labor? Is there any cost analysis?

Mr. ROBINSON. I don't know of any cost figures available. I do not know of any which would indicate comparative costs. That problem may be before the Committee. As you know, the commissioner has proposed that a Workmen's Compensation Law for the District of Columbia be considered by the Congress.

Mr. REES. You wish to recommend that the compensation law be considered by Congress?

Mr. ROBINSON. A separate Workmen's Compensation program operated by the District of Columbia presently includes the Longshoremen's and Harbor Worker's Compensation Act.

Mr. REES. Under the proposal of the commissioner would the administration of the Workmen's Compensation Law be by the District or the Department of Labor?

Mr. COPPIE. It would be by the District of Columbia at that time and then of course, comparative cost figures would become more meaningful.

Mr. REES. Will this specific bill be introduced this year?

Mr. ROBINSON. It is in the Commissioner's 1973 Legislative Program.

Mr. REES. I was wondering, prior to that did you have a cost analysis up as to what you think the comparative costs of administration are by the District as compared to the Department of Labor?

Mr. COPPIE. We can provide that, Mr. Chairman. We will try to provide it.

Mr. REES. I would like to have it before this Full Committee. It deals with the Workmen's Compensation Law.

Mr. DIGGS. If the gentleman will yield. I would be interested in knowing if the witness can tell us what this legislation is. According to the '73 legislative list referred to us, where is it, when is it going to be translated into specific bills to be sent up to the Committee, or given to some member for introduction?

Mr. ROBINSON. Presently it's in the draft stage, Mr. Diggs. It should be transmitted to the Congress in the near future.

Mr. DIGGS. Could you be more specific? We saw the list. How many pages was it? 25 pages of bills that purport to constitute the 1973 legislative program and we haven't seen one bill.

Could the gentleman be more specific about when we might expect this legislation and further, could he tell us what are the difficulties in getting it up here?

Mr. ROBINSON. I have no specific answer to that, Mr. Diggs. As you know some of the items in the legislative program have been transmitted to the Congress and are under consideration. One is the bill which is before the Committee now. All I can say in response to your question is that many of those proposals are in a draft stage, some are awaiting clearance by the Federal Departments and agencies concerned, but it is the Commissioner's wish and he has stated publicly that he is anxious to get all of the District's proposals before the Congress just as soon as possible.

Mr. REES. Mr. Chairman, I am just wondering, in the California Legislature, department bills had to follow two rules. One, they had to be identified so we knew where they came from, and, two, they had to be introduced a specific number of months before the beginning of the legislative session. I would think we should make a rule in our Committee that if the District Bill is not introduced by June 1st, that bill will not be considered during the balance of that year. It is a very difficult situation when so often we allow the department to come in at the very last minute with a bill.

Mr. DIGGS. You are absolutely correct. It might be necessary to do that. In the past, the Committee was not in the frame of mind to receive legislation and process it. Now, you have a Committee that is receptive to draft bills, to translating it into legislation and is prepared to hold hearings on it. But all we get is vague answers about when the legislation might be available and I am particularly interested in knowing what the holdup is. The witness must know what the holdup is. He ought to be able to identify where these barriers are in the translation of these ideas into draft legislation to be sent up here on the Hill.

Mr. HOGAN. Mr. Chairman, I might point out that in effect, the legislation affects the District of Columbia on this point, and it was amended in October last year through the Education Committee by amending the Longshoremen's Act and there was some considerable debate on the floor and it has affected the District of Columbia and

those who had some opposition to the amendment as it would affect the District of Columbia did not prevail on the floor, so there was some substantial amendment and the law here is affecting the District of Columbia. I know that Congressman Nelsen has received a considerable amount of mail regarding this matter. I assume you want to look into it further.

Mr. REES. If I remember that bill, it severely restricted the ability of an injured worker to use the courts.

Mr. HOGAN. It put the District of Columbia on a par with the Longshoremen, which is not the case with the industrial workers.

Mr. REES. If we can have a formal ruling for this year, we will consider District legislation introduced before July 1, 1973, but in subsequent years rule that all District legislation must be introduced by June 1st of that year. If we don't have some ruling on it, I point out, nothing is going to happen.

Mr. DIGGS. How does the witness react to that idea? Do you see any problem with a cutoff on the 1st of July for the submission of any drafts to the Committee for consideration?

Mr. ROBINSON. With respect to the basic package, no, Mr. Chairman, but the District of Columbia continually throughout the session of the Congress is confronted with new problems and new activities which would necessitate additional legislation being forwarded to Congress throughout the life of the Congress. I don't think it would be wise to preclude the District of Columbia from presenting new subsequent legislation which it finds necessary for the orderly process of Government.

Mr. KETCHUM. Mr. Chairman, by the way of a suggestion the Chairman of the Subcommittee correctly points out the laws in the State Legislature of California. As the Chairman notes we had a time period beyond which no one could introduce any bills without the permission of the legislature as a whole, two-thirds voting affirmatively. We are given an additional little bit of latitude to introduce additional bills. It seems to me there isn't any real hardship in any department getting their bills ready and as that occasion arises where what you are putting out right now, you have something that is new and with the latitude, I don't think it is unreasonable that on some occasion will consider, so we do not consider this hard and fast. It makes it difficult for the Legislature to operate. They don't have the bills before them and do not have the opportunity to give them the proper study. By way of side comment as a member of this minority group, I will point out that from time to time we had the same problem with the administration.

Mr. REES. What administration?

Mr. KETCHUM. Revenue sharing and all those little things.

Mr. REES. Fine then. If there is no opposition we will use the general guideline in this Subcommittee this year to consider those bills that were introduced before the July period. After this year any bills introduced after June 1st will have to have a majority vote of the Subcommittee to bring them before the Subcommittee.

Is there any opposition to that? Mr. Brownville?

Mr. BROWNVILLE. This constitutes, Mr. Chairman, a guideline for the Full Committee?

Mr. REES. We would like to recommend it to the Full Committee for approval.

Mr. Coppie, do you need Section 19 until a later time when we are ready to work on it?

Mr. COPPIE. We do need Section 19 in order to transfer the funds to the Labor Department for the administrative costs associated with the Workmen's Compensation.

Mr. REES. So, when you have the draft of the Workmen's Compensation Law you will not need Section 19.

Mr. COPPIE. I believe the District Workmen's Compensation Law will supersede Section 19, that is correct.

Mr. REES. Any more discussion by members of the Committee?

Mr. WASHINGTON. Yes, I would like to suggest an amendment. "There are authorized to be appropriated such sums as are necessary to pay the expenses incurred by the United States Department of Labor in the administration of this Act."

Mr. REES. What was your language?

Mr. WASHINGTON. There are authorized to be appropriated such sums as are necessary to pay the expenses incurred by the United States Department of Labor in the administration of this Act.

Mr. REES. Yes. At this time do I hear a motion on the amendment?

Mr. FAUNTROY. I so move.

Mr. REES. Is there any discussion by Mr. Coppie? Does that affect your views in any way?

Mr. COPPIE. I think the amendment is acceptable, Mr. Chairman.

Mr. HOGAN. Mr. Chairman, I might just point out that the three versions is one is direct cost and not indirect, or exactly what it is or what it is intended to be, it isn't a cost for the District.

Mr. COPPIE. I think the amendment is acceptable, Mr. Chairman.

Mr. REES. All those in favor of the amendment signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Mr. Fauntroy moves that the section as amended be approved. All those in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 19 is approved.

Section 20 is the Driver Education Program. This authorizes the Board of Education to accept on a loan basis and to provide for insurance of passenger motor vehicles for use in the driver education program of the public schools. Last year's appropriation was \$8,500. Is there any discussion by the Committee on that?

Mr. ROBINSON. Mr. Chairman, if I may, I would like to suggest an amendment. I am informed this year for the first time the Driver Education Program of the schools, and a representative from that program is present, have utilized in the training of student drivers vehicles other than passenger motor vehicles. I understand there is a commercial vehicle now being used. In view of this we would suggest that the Committee consider deleting—

Mr. REES. Then the amendment on line 19 would be to delete the word "passenger" and substitute "for insurance of motor vehicles." Is that the amendment?

Mr. ROBINSON. That's correct, on lines 19 and 20, strike out the word passenger.

Mr. REES. Any questions from members of the Committee?

Mr. WASHINGTON. Are there vehicles other than passenger vehicles?

Mr. ROBINSON. Yes, it would encompass the use in the training program of commercial motor vehicles, other than passenger vehicles.

Mr. FAUNTROY. No objection, Mr. Chairman.

Mr. REES. Moved by Mr. Fauntroy that the word "passenger" be stricken. All those in favor indicate by saying aye?

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The amendment is approved. It is further moved by Mr. Fauntroy that Section 20 as amended be approved. All those in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. That Section is approved.

Section 21 is Subsistence and Transportation for Handicapped Children. The appropriation during the last fiscal year was \$43,840 to authorize the Board of Education to provide transportation for severely handicapped children attending special education classes in the public school system of the District.

Are these physically handicapped children?

Mr. COPPIE. They are, Mr. Chairman.

Mr. REES. Do you have special classes in schools or special schools for the children?

Mr. ROBINSON. There are special schools and special classes for the typical students in the District of Columbia.

Mr. REES. Fine. Is there any discussion by members of the Committee on this? If not, it is moved by Mr. Ketchum that Section 21 be approved. All in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed no?

[No response.]

Mr. REES. Section 21 is approved.

Section 22, Summer School Compensation. The explanation is that it simplifies payroll by permitting compensation be charged to the fiscal year in which the pay period ends. Does this run across a fiscal year change?

Mr. COPPIE. Yes, Summer School begins in June and of course, runs throughout the Summer and by the requirements of the Anti-Deficiency Act you pay when the funds are obligated. We are asking in the case of the Summer school of the public school system be charged in the year when the payment period ends rather than when it begins. That allows us to simplify the accounting procedure for the Summer School Program.

Mr. REES. Any discussion?

Mr. FAUNTROY. I move its adoption.

Mr. REES. It has been moved by Mr. Fauntroy that the Section 22 be adopted. All those in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed no?

[No response.]

Mr. REES. The Section is approved.

Section 23 is Summer Employment of District School Teachers. This exempts teachers from the rules in U.S. Code for teachers who work in Congressional offices in the Summer.

Mr. FAUNTROY. I am wondering what prompted you to ask this of the School Board?

Mr. ROBINSON. Mr. Fauntroy, for the past several years since the Congress amended the U.S. Code to include these provisions which we have set out in the justification, a number of teachers who have been offered employment on the Hill, have found that these provisions precluded their employment. After investigation it was noted that teachers who normally are unemployed during the Summer months were able to work in the Federal and District Governments but because of the restrictive language, could not find employment on the Hill.

At the request of those individuals and the request of several Congressman who indicated a desire to employ these teachers during the Summer months, this legislative proposal was drafted by the District Government and transmitted to Congress.

Mr. FAUNTROY. It relates to problems solely on Capitol Hill?

Mr. ROBINSON. That's correct. There are no restrictions otherwise.

Mr. REES. Is there any more discussion? Mr. Ketchum.

Mr. KETCHUM. He used the term unemployed in the Summer months. Aren't these teachers contracted on an annual basis?

Mr. ROBINSON. They operate on annual contracts. The school session I believe lasts $9\frac{1}{2}$ to 10 months but during a portion of the school year they are not engaged, unless they are participating in Summer School Programs, they are not engaged in regular school teaching activities.

Mr. KETCHUM. But they are actually employed. When you use the term unemployed, they are paid for a contract year and only teaching for 9 months or $9\frac{1}{2}$ months period of time. How about your employees of the District of Columbia, how about the Police Department? Is there anything that would preclude them from working in my office during vacation?

Mr. ROBINSON. The usual provision applied to dual compensation and holding of two salaried positions would prevent other District and Federal employees from working on the Hill. It is only because the teachers not actually engaged in teaching activities during the summer months that they are eligible to seek employment elsewhere.

Mr. REES. Is there any more discussion on Section 23?

Mr. FAUNTROY. I move its adoption.

Mr. REES. Moved by Mr. Fauntroy that Section 23 be approved. All those signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The section is approved.

The next is Section 24, School Ceremonial Expenses. The appropriation last year was \$10,000. This pays the expenses of official ceremonial, representational and graduation activities of the presidents of Federal City College, Washington Technical Institute, D.C. Teachers College and Superintendent of Schools. This is primarily for school graduation.

Mr. WASHINGTON. Dedication ceremonies and so forth.

Mr. REES. Is there any discussion by members of the Committee?

Mr. FAUNTROY. How were the expenses covered in the past?

Mr. COPPIE. Mr. Fauntroy, I don't have the specific breakdown of all the colleges in the public school system but it has been done and was required to be done through grant funding rather than appropriation.

Mr. FAUNTROY. Grant funding?

Mr. COPPIE. Grant funding rather than appropriation.

Mr. FAUNTROY. I so move.

Mr. REES. It has been moved by Mr. Fauntroy that Section 24 be approved. All in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The Section is approved.

Next is the Amendment of Laws relating to advertising. This is to change the laws that the notice of sale and the delinquent tax lists shall be advertised in only one daily paper rather than two.

There is an amendment to this. Go to line 6 and read the language, "The notice of sale and the delinquent tax list shall be advertised." Then skip to line 20, "regulations prescribed by the District of Columbia Council." This would do away with the balance of the language between lines 7 and line 21. So whenever a change was made in the District advertising, it would be under the City Council's prescribed rules and regulations. Is there any problem?

Mr. COPPIE. I don't believe there's any problem.

Mr. KETCHUM. Why do you want to publish a delinquent tax list?

Mr. ROBINSON. Well, it's required by act of Congress to do so and it provides effective notice to prospective purchasers as well as the delinquent taxpayer in order that they may take whatever action they feel is needed with respect to these properties which are about to be put on sale.

Mr. KETCHUM. I was just wondering. This is something that always pushes my hot line, delinquent tax lists. If we were to mention publishing lists of payments to welfare recipients, that's against the law.

Mr. ROBINSON. Yes.

Mr. KETCHUM. How do you describe the difference between that, I don't want to belabor it, you know, sometimes when you get a chance write me a letter about it.

Mr. REES. The reason for advertising delinquent tax lists is that someone who hasn't paid his taxes may not be too bothered about it, but when he sees his name in the paper he will pay the taxes. If they don't get the notice or the advertisement, they won't know that their home will be sold in a tax sale.

Mr. KETCHUM. I certainly don't want to cast a shadow over all who are on welfare rolls. But there are instances I am sure you are aware in California and I am sure this exists elsewhere a situation that would be equally embarrassing to those people on welfare who have been offered a job and refuse to accept it. You know, this is just a little hangup of mine.

Mr. REES. Well, does a delinquent tax list exist if the address doesn't go on record too or what?

Mr. HOGAN. Normally the description of the property as well as the exact address, the individual normally in whom the name of the property is held is not the one to whom the tax bill is sent, it is not the owner. The record has the last owner of record.

Mr. REES. A lot of times it is for the protection of the person who is on record. The tax bill might not necessarily be sent to him. Do you ever read the notices?

Mr. KETCHUM. Oh, it is a national pastime in California.

Mr. HOGAN. Mr. Chairman, I wonder if I could inquire of Mr. Robinson, the Commissioner now publishes the rule as they apply to tax notices, does he not?

Mr. ROBINSON. That is correct.

Mr. HOGAN. Well, do you think this is characterized as more of an executive function in which the council would want to address itself? In other words, is it a legislative or is it an administrative in its principle function?

Mr. COPPIE. I think, Mr. Hogan, that we see it primarily as executive in terms of its implementation. On the other hand, I think that once you establish it as the responsibility of the City Council laying out the requirements of the Commissioner, the Commissioner would have the responsibility for the actual implementation. I think we oppose a regulation that would extend the City Council to the actual implementation of the program we are talking about.

Mr. HOGAN. The principle reason for the publication is to give notice. That is the main thrust. There's a very long regulation on that in our rule. I imagine it just applies to insuring it is published and how long it is published and this kind of thing, right?

Mr. ROBINSON. That's about all that the regulation put in effect covers. As to the law, the District Council is already authorized to set a day of the annual tax sale, it's the sale that carries out the publication of delinquent taxes, but basically these matters covered by the proposal are primarily ministerial.

Mr. HOGAN. But the mayor would have no question about relinquishing his authority now as it relates to the publishing of the regulation covering the publication of notices.

Mr. ROBINSON. As I understand the proposed amendment it would merely lay down some ground rules for carrying out the publication requirements. Now, if that is the extent of it, I don't think the District would object.

Mr. REES. Set notice of sale and delinquent tax lists shall be advertised according to regulations prescribed by the D.C. Council.

Is there any more discussion on Section 25?

Moved by Mr. Fauntroy that the amendment be accepted. All those in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The amendment is accepted. Moved by Mr. Fauntroy that the Section as amended be approved. All in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 25 is approved.

The points we are discussing are Sections B, C, and D. D says, "Appropriations authorized by this Act or any act of Congress shall be available to the Commissioner for general advertising authorized by law, for the publication of notices." Do you think that should be kept with the Commissioner, or could it be given to the City Council? Are you getting more into an executive function here?

Mr. ROBINSON. Once again, Mr. Chairman, I would answer a most strenuous objection to the language. Basically, these are purely executive and administrative functions which the District Government routinely carries to provide publication in the various media of house-keeping and other local functions.

Mr. REES. I was wondering. I think we are a bit inconsistent. In Section A we have the City Council deciding the notices on delinquent taxes with respect to advertising, but in Section D the appropriation authorized by the Act, of course, would also have to be authorized by the City Council before the budget was sent to Congress.

Mr. HOGAN. No, these are technical amendments I believe so, we are still talking about amendments to appropriations authorized by this language by the Appropriations Committee I believe.

Mr. REES. Well indeed then, there would be no approval by the City Council of the promulgation of any new regulations.

Mr. HOGAN. It seems to me that the authority indeed is substantially if not totally executive in its thrust.

Mr. REES. We are talking about publication of notices of public hearings, orders, regulations, amendments of orders and regulations, taxes and school notices and similar matters of public interest, so, maybe, they should be authorized by the City Council. You could actually have a situation where the City Council might want to have public notice of a hearing and the Commissioner might not want it and, consequently, not approve it.

Mr. HOGAN. As I understand perhaps Corporation Counsel could correct it, but A gives authority for the District Council to establish regulations as to how the advertising should take place, how long it should take place, how many issues it should appear in and generally establish regulation of publication.

And D, on the other hand as I understand it, relates principally to the authorization for the obligation and expenditure of appropriations authorized by the Act and principally a function performed by the Commissioner per se. Am I wrong?

Mr. ROBINSON. I think you are correct, Mr. Hogan. As you notice, the first three subsections of 25 amend existing acts of Congress. Subsection D, however, is in effect providing basic authority under appropriations to be authorized pursuant to HR 7634 to carry out a number of executive functions in connection with the whole area of advertising and placing notices in various publications. It's really intended as a sort of cleanup or overall provision to take care of all of the advertising requirements with which the District Government may find need in the future.

Mr. HOGAN. Mr. Chairman, could I just ask a further question? Is there a publication of any rule making authority of the District of Columbia Council which is covered in another technical amendment or appears elsewhere other than here? Do you understand what I am

trying to say? They published proposed rules in specific areas of authority within their authority.

Mr. ROBINSON. Under the Administrative Procedures Act both the Commissioner and the Council are authorized to publish notices of proposed rule making in the D.C. Register.

Mr. HOGAN. The D.C. Register is particularly provided for and that doesn't come within the purview of this section at all since the cost of that advertising is not included herein, is it? The D.C. Register is a specific publication which is provided for elsewhere in the appropriation, is it not?

Mr. ROBINSON. That is correct, Mr. Hogan. Subsection (d) provides substantive authority for additional methods and places of advertising other than the D.C. Register which, of course, had been through the years authorized under appropriation language by the Congress. This is intended to bring all these scattered provisions together and place them in one specific provision of law so the basic authority of the District Government including the Council is spelled out.

Mr. HOGAN. Is there anywhere where the District Council through its rule making authority publishes in a privately owned publication such as the Washington Star, or the Washington Post, the D.C. Reporter, some privately owned publication where the District Council publishes notices that you know so that would have to be included within subsection (d).

Mr. ROBINSON. Offhand I can't think of any. I've indicated most of the Council's requirements with respect to providing the public with notice or those in connection with proposed rule making and they appear in the D.C. Register. I don't think there's any requirement of law that the Council publish in a daily newspaper proposed actions which it has under consideration.

Mr. HOGAN. Thank you, Mr. Chairman.

Mr. REES. Fine. we have already approved Section 25 and were going back a little bit.

The next Section is Section 26, Official Funds.

This was an appropriation of \$9,000 authorized expenditures of a confidential nature for the Commissioner, Chairman of the D.C. Council, Superintendent of Schools, Presidents of Federal City College, Washington Institute and D.C. Teachers College. I mentioned before that the appropriation was \$9,000 for the current fiscal year. Is there any question by members of the Committee on this?

Mr. FAUNTROY. I wonder if you can give me examples of what you call expenditures of a confidential nature?

Mr. COPPIE. I can't, Mr. Fauntroy. In the case of the Commissioner, in the case of the Chairman of the City Council an example we would specifically point to are gifts of books or engraved objects for distinguished visitors to the city. The flowers for example, for a funeral or for other purposes, picture framing, small expenditures for community related purposes. I know that in at least one instance I am aware of a year or so ago the funds from the confidential fund was made available to youth of the city who were in need of some funding to go to an afternoon movies as I recall it and this fund was tapped for that purpose.

In the case of the Superintendent of Schools, the fund is used for annual dues for membership in professional organizations, emergency expenditures for office and school needs, the entertainment of visiting dignitaries and subscriptions to various kinds of professional journals and so forth and perhaps emergency travel when that's called for.

In the case of the college presidents, I believe it would be similar to the examples I have used.

Mr. REES. Is there any more discussion on Section 26?

Mr. KETCHUM. Yes, Mr. Chairman. With the examples given I just can't understand why these expenditures have to be of a confidential nature. It's supported by no audit, this is something that the Superintendent of Schools, or the mayor or whoever is listed can spend and his certificate is logical. What is so secret about the Superintendent of Schools joining the CTA or the Teachers Association or the School Administrators Association, or why should it be a secret if the mayor decides he wants to help a group of poor kids to go to school? I think that would be advantageous rather than disadvantageous. I just questioned what we are talking about in terms of confidentiality. I can understand it in a department's welfare situation. That's a little different situation but I just don't understand this. I really don't.

Why not just call it an expense account and give it to them? I have no objection to the money, but why call it a confidential fund? Is there some reason that we have to have it confidential?

Mr. COPPIE. We can call it anything we want to, Mr. Ketchum. I think the confidential fund is the terminology that is associated with the expenditure of these funds over the years. We can call it official funds not subject to audit. That's besides the point as far as we are concerned. We do want the authority for the officials that are affected here. We want them to have the authority to use funds for very modest amounts. I might point out, \$2,500 is the maximum amount and that is for the mayor and the chairman of the City Council at their discretion. And I think the responsibilities they carry fully justify the expenditure.

Mr. KETCHUM. I have no objection to the amount. Why keep it a secret? I just don't understand that.

Mr. WASHINGTON. Can we change the title and call it officials' discretionary fund?

Mr. KETCHUM. Why not audit the fund and keep it a secret? I just don't understand it.

Mr. WASHINGTON. Can we change the title and call it officials' discretionary fund?

Mr. KETCHUM. Call it whatever you want.

Mr. WASHINGTON. It is not an official fund.

Mr. KETCHUM. Pardon?

Mr. WASHINGTON. It is not an official fund.

Mr. KETCHUM. I hear what you are saying, it's a small thing to haggle over but the termination should be final and conclusive and there should be a certificate for the expenditure of the appropriations. I think that would be a delight to say I spent \$25 to join an association and nobody could question it. Who is going to take the mayor to task for taking 12 kids to the movies?

Mr. REES. It depends on what kind of movie it is.

Mr. WASHINGTON. I think they still have this kind of authority and it isn't necessary to have this discussion unless there are some serious objections.

Mr. KETCHUM. I do object to it. I object to anything that is secret quite frankly. I think my record in the California Legislature very plainly points that out. You know, these things always give rise to somebody asking questions how you spent \$10 bucks and it seems to me it would be so much better for the superintendent or the mayor, or anybody else to put down here is the voucher and I don't question the amount. The examples that are given are perfectly legitimate in my view and I would think that they would prefer that way rather than the other way around.

Mr. WASHINGTON. As I understand it, correct me if I am wrong, but this is fairly standard in cities that the mayor has a fund at his discretion which is not subject to an audit. This may be the system. It is a fairly small sum.

Mr. COPPIE. Mr. Ketchum, I think to pick up on the point that you are making, the Commissioner as the chief executive of the city does not have the authority to take 10 children who come into his office or 10 students who come into his office and give them funds from his appropriation.

Mr. KETCHUM. Just call it discretionary funds and strike the last line.

Mr. COPPIE. Discretionary fund is acceptable. I don't know what the last line says.

Mr. KETCHUM. The last line says P.S. who passes that voucher.

Mr. COPPIE. That's the one I always look at.

Miss WINTERBEL. If the fund is audited he doesn't have the authority to pass his voucher. The D.C. accountant would be required to reject that voucher if it was not for a purpose authorized in the law. Making contributions to school children for some informal purposes would not be authorized. Therefore, that voucher would be thrown out of the system, funds could not be expended. The provision that these funds are not subject to pre-audit allows the Commissioner to make small expenditures for legitimate purposes that are not specifically authorized in law. That's the legal reason why we need this sort of language even though the purposes themselves seem innocuous.

Mr. REES. Could I ask you about a possible amendment to line 13 requiring filing of a certificate with an explanation of expenditures. So it would read: "the determination thereof shall be final and conclusive and their certificate with an explanation of expenditures shall be sufficient voucher for the expenditures or for the appropriations made in this section."

Mr. KETCHUM. In other words, your explanation is on the certificate of this expenditure?

Mr. REES. Yes, with an explanation of the expenditure.

Mr. KETCHUM. I just think that this is a problem for these people. I would hate to be superintendent and have somebody come to a meeting and say you know, you are a crook. I have a feeling that you are spending this money and he says no, I don't have to account for this money. But if he says I took 10 kids to the movie or I joined this association, the cloud is lifted right away. Is there anything wrong with this? Would it tie up the law?

Mr. WASHINGTON. Can we say this is sufficient authority Mr. Ketchum? I think it is the mayor's determination. If he subjects this matter to an audit.

Mr. KETCHUM. I am not against the discretion, I am saying he is better off if he explains what he spends the money for.

Mr. WASHINGTON. So his certificate is conclusive, and simply audits the expenditure.

Mr. KETCHUM. Mr. Chairman, I am sorry to take up so much time on something seemingly unimportant. I still think we need something to take the shadow off the possible use of this fund by these people.

Mr. HOGAN. Mr. Coppie, if the Section were amended so that the mayor's certificate was sufficient for audit, wouldn't that make an exception to the general audit rule as they apply to general expenditures?

Miss WINTERBEL. How would that be if you state the purpose when it comes up for general submission?

Mr. HOGAN. Well, I gather from Congressman Ketchum, that he would like to see this opened up and not become a confidential fund if the certificate of explanation was sufficient for audit purposes, wouldn't that make an exception to the general audit rule?

Mr. WASHINGTON. That's my point, Mr. Chairman. I would think that it would.

Mr. COPPIE. I think it does compromise what is our basic objective here and that is to not have it subject to audit, to have absolute discretion.

Mr. HOGAN. I understand your position but trying to reach some compromise with Mr. Ketchum's position, if there were a certificate with an explanation for audit purposes, I wonder if that wouldn't satisfy the thrust of his objection and yet overcome your problem as it relates to the discretionary use of the funds.

Mr. ROBINSON. This explanation is furnished to the auditing officials?

Mr. HOGAN. Well, he has independent audit, in his own office, does he not? And I assume that any of these would be subject, any of the funds would be subject to general accounting audit, would they not?

Miss WINTERBEL. The funds are accounted for. A limit on the fund is maintained and the amount of expenditures is monitored so that—

Mr. COPPIE. Subject to the reasons it would not be.

Miss WINTERBEL. But what the money is spent for is not necessarily submitted to anybody else in the City Government beyond the mayor's office.

Mr. REES. If I might interject, we are talking about \$9,000 and these are official funds. The money is appropriated in a lump sum and a simple amendment, an explanation of the expenditures, might take care of the problem. This is not a very large fund—\$9,000 for 12 months for 4 officials, you know, that doesn't take any closer supervision.

Mr. KETCHUM. It's always subject to question.

Mr. REES. What about an amendment for an explanation of expenditures on the certificate, so that you send the certificate and say I spent this for flowers.

Miss WINTERBEL. Fine.

Mr. KETCHUM. If some individual says he wants to question that and the mayor says he sent some flowers to Joe's funeral fine.

Mr. REES. What about additional language on the explanation of the expenditure?

Mr. COPPIE. I think Mr. Chairman, there would be disagreement at this time. I think I would have a responsibility to come back and talk to each of these officials affected here to find out whether that amendment would be acceptable. It would be our position, based on the history surrounding these funds, that we would want absolute discretion to be given to the officials that are involved.

Mr. KETCHUM. Mr. Chairman, I am not going to belabor it any more. I don't care. They can do anything they want. I am not questioning the discretion, I am not questioning how they spend the money, I am simply attempting to try to protect them. So, leave it the way it is and if they are ever questioned on it, remind them I said so because it is a very real possibility. It's not the amount, it's just trying to keep them open.

Mr. REES. Any other discussion of Section 26?

Mr. FAUNTROY. I move the section.

Mr. REES. Before we get into any controversial session, it has been moved by Mr. Fauntroy that Section 26 be approved. All in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 26 is approved.

Mr. HOGAN. Excuse me, on Section 25, if we could go back to the staff looking at that proviso to determine whether or not it might be in the interest of the Committee to reword the proviso calling for competitive bids? I think that is the kind of usual language you may want that the language retained in there.

Mr. FAUNTROY. What are the bids for, advertising?

Mr. HOGAN. That's correct.

Mr. FAUNTROY. So the Post or Star would compete for the privilege of carrying that?

Mr. HOGAN. Well, my recollection is in most cases where Congress is delegating authority on procurement and contracting, there is usually a provision calling for competitive bids and you might want to be consistent with other legislative enactments in this area. You will give us authority to look at it.

Mr. REES. The point is the proviso on line 18, page 11, that says, "Provided that competitive proposals shall be invited by the Commissioner of the District of Columbia from the various daily newspapers published in the District for publishing the said delinquent tax lists."

Mr. HOGAN. It's not a question of the language but a question of the substantive proposal calling for competitive bidding procedures and I think Congress generally when there's any delegation of procurement intended, you call for competitive bidding procedures employed to whatever extent possible.

Mr. REES. Analyzing Section 25, the Council shall pass regulations dealing with the advertising, but, generally, in a mayoral form of Government, it is the mayor who places the ad. So if we put lines 18 to 21 back into the section saying that, "provided that competitive

proposals shall be invited by the Commissioner of the District of Columbia," that directs him by the regulations passed by the council to place these on a competitive basis. I think if we just restored lines 18 to 21 followed by a period after "council" in line 8, that would do it.

I now want a motion from Mr. Fauntroy that the Subcommittee reconsider the vote by which his Section 25 was approved. All in favor of the reconsiderations signify by saying aye.

[A chorus of aye.]

Mr. REES. The motion is passed. Section 25 is now open for amendment.

Mr. Ketchum moves that lines 18 thru 21 on page 11 be added following the word "District of Columbia Council" at approximately line 8. All in favor of the amendment signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The amendment is approved.

It is moved by Mr. Fauntroy that Section 25 as amended be approved. All in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. Section 25 is approved.

We now have Section 27 which deals with taxi cab service. We have been looking at the language in Sections 27 and 28. Those of you who might be interested in testifying on Sections 27 and 28 come up to the dias here.

Mr. FAUNTROY. Practically the whole room, Mr. Chairman.

Mr. REES. Section 27 authorizes the Public Service Commission to conduct an investigation as to desirability of meters in taxi cabs and after one year to report to Congress the result of their investigation.

Section 28 gives to the Public Service Commission the specific power to issue orders and regulations limiting or controlling the number of licenses to be issued to the District of Columbia for taxi cab operators.

We have been looking at some alternate language in Section 27. The alternate language though would be essentially the same in that the Public Service Commission of the District would conduct an investigation. The proposed amendment would be as follows:

Conducts a study of the adequacy of the service and regulation of the taxi cab industry in the District of Columbia. The study shall include the feasibility of allowing the installation of meters in taxi cabs in the District of Columbia.

There's also another amendment. The recommendation of the Public Service Commission will be made to the D.C. City Council and the District Commissioner so that the proposed amendment to the bill as you have before you would broaden the scope of the report and the investigation by the Public Service Commission not just to deal with meters in taxi cabs but to look at the entire area of taxi cab regulation.

One of the major reasons behind these amendments, which I drafted, was to broaden the scope because we find now that the regulation of taxi cabs is under several agencies in the District and there is a great deal of confusion concerning exactly who or what agency regulates what phase of the taxi cab industry.

Again let me point out that there is nothing in either the language of the bill or the language of the amendment which states that there shall be meters in taxi cabs or that there shall be any specific new regulation of the taxi cab industry. What we are talking about is an investigation by the Public Service Commission.

I will consider testimony on this. When you do speak, I hope it will be less than 5 minutes. Please give your name and also your affiliation.

It might be best if we have Mr. Douglas Schneider, Special Assistant to the Mayor for Transportation and Mayor's Alternate to the Public Service Commission discuss the current situation and regulation of the taxi cab industry in existence. Mr. Schenider?

PREPARED STATEMENT OF DOUGLAS N. SCHNEIDER, JR., TRANSPORTATION SYSTEMS
COORDINATOR FOR THE DISTRICT OF COLUMBIA

Mr. Chairman and Members of the Subcommittee :

My name is Douglas N. Schneider, Jr. I have recently been appointed by Mayor Washington to the newly-created position of Transportation Systems Coordinator for the District of Columbia. The focus of my responsibilities is across the entire transportation system, including the matter of how taxi service can be improved so that it will be able to respond fully in fulfilling its appropriate transportation role. I am also a member of the Public Service Commission of the District of Columbia; thus I appear here in a dual capacity. With me is Commissioner H. Mason Neely of the Public Service Commission who has a statement to deliver on behalf of the Commission.

I appreciate being invited to discuss with you the question of the Commission conducting a study to consider the desirability of requiring the use of taximeters in the District of Columbia.

First, a brief word about the nature of the taxicab industry in the District of Columbia. Most of the cabs are driver owned, as opposed to being owned by a fleet operator employing drivers. Thus, the industry is made up of individuals, in effect operating their own businesses. But the great majority of taxicabs are operated on a part-time basis, their owner/operators usually being employed full-time elsewhere. Most taxicabs do not have radios and therefore cannot be dispatched. Taxicab rates are computed on a zone system because the use of meters has been prohibited by the Congress.

The service provided by Washington's taxis is not always adequate.

More taxicabs are on the street, available for service, between one and two p.m. than during the morning and evening rush periods.

In places like the Far Northeast and Far Southeast, taxicab service is not readily available.

Empty taxicabs frequently pass people hailing them on the street. There are apparently various reasons for this. The driver may be looking for a group or an individual to take to the airport because he can charge a higher rate for that run. Some runs, under the zone system, pay substantially less than others on a per-mile basis and the driver may be looking for someone who is not going into the outer reaches of the District. The driver may simply be commuting to his regular full-time job in his taxicab and is not available for that reason.

Another common complaint about taxicab service is that when a cab is called by telephone, it sometimes never shows up, even though the dispatcher has promised it would. I have heard of cases where people waited two or three hours for a called cab, or were stranded altogether when it never came. The problem of inadequate response to telephone requests is particularly acute for handicapped and others who rely solely on taxicab service.

At bus, train and airport terminals, many drivers look for passengers going to the Maryland or Virginia Suburbs because those runs pay more than city runs. Often they simply refuse to carry a city-bound patron.

These are not all of our problems, but they are enough to indicate that something more needs to be done than we are presently doing about improving the situation.

We have a proposed course of action that we would like to present to you.

First, we would ask the Congress to remove the restriction in the annual appropriations Act for the District of Columbia, which has been interpreted to mean not only that taximeters may not be required in the District of Columbia, but that we are precluded from evaluating the desirability of using taximeters. The question of whether or not meters should be used goes much deeper than the question of fare structure, beyond the question of zones versus mileage-based fares. It involves the nature of the industry itself because meters would make it more likely that some, perhaps most, of the taxicabs would be fleet-owned as opposed to individually-owned. The nature of the industry, in turn, has some considerable influence on the type of service the public can expect. We do not offer any conclusion today on whether meters, on balance, would be good or bad. But we believe that we should be permitted to consider all aspects of the problem, and the meter question is certainly one of the important aspects.

Another part of the problem that requires some study and analysis is the question of whether and to what extent our system of enforcement of taxicab regulations should be revised. At the present time, there are five government bodies that have some regulatory function and our belief is that the regulation of the taxicab industry can be streamlined to the benefit of the industry and the consuming public. We would like to develop a better way to process complaints, for example, for more effectiveness, and in fairness to the cab driver and the public.

Finally, we should give some consideration to the question of the appropriate role for the taxicab in our overall transportation system. We have for years talked about a balanced system of transportation, but have not done nearly enough to coordinate the existing systems in a manner in which they complement one another. Taxi service has a definite relationship to bus service but the full potential of that relationship has not been developed. There is a demonstration project now underway in Southeast Washington employing express buses and taxicabs on a coordinated basis to provide a tailored transportation service to users of public transportation. There may be instances where taxi service of some type can be used in lieu of bus service. The Metro rail service may be enhanced through proper coordination with taxi service. We would like to examine these and other possibilities.

We have within the District Government some resources that we can bring to bear in this study and analysis. The PSC and the Office of Planning and Management, part of the Executive Office of the Mayor, propose a joint study to examine the questions we have outlined here. We would hope to involve the Planning Office of the Transit Authority. The Council of Governments has a contribution to make and I am sure is willing to do so. I do not believe it is appropriate at this time to enact Section 28 of H.R. 7634 concerning a limitation on the number of taxi licenses. This is an issue we should address in the study and the legislation should await the study.

In order to do the study effectively, we need from the Congress the authority to examine the taximeter question, and authorization for some additional appropriation. We believe with the resources we already have, an additional \$25,000 should be authorized.

As we progress, we will submit progress reports to Congress and at the end of the year, our findings and recommendations.

Mr. SCHNEIDER. Yes, Mr. Rees, my name is Douglas Schneider. I am Transportation Coordinator and a member of the P.S.C. You have my statement in which we indicate that a study is in order, specifically a study of the desirability of the use of taxi cab meters in the District of Columbia.

But our study would go beyond that. Our study would include the question of the internal organization in the District of Columbia Government to determine whether taxi cab regulations and enforcement of taxi cab rules is as efficient as it ought to be and hence is as effective as it ought to be.

Then, as the third aspect of our study we would try to look at the taxi cab as an element of the overall transportation picture.

We have spoken about transportation on the local level for a number of years but we haven't been able to implement a balanced system of transportation. We would like to give serious consideration to the

issues of whether a taxi cab, buses and the Metro even can be coordinated to provide a better overall transportation system so that's the kind of thing we have in mind. And in order to do that intelligently, we have to look at the meter question.

Now, let me go back to the organization of the Government. Since you asked specifically about that, the Public Service Commission is of course, the primary regulatory agency. It sets the rates, it has the authority to license the driver, to issue his identification card, the so called face. That however, is done for the Public Service Commission by the Department of Motor Vehicles as its agent under the delegation.

The Public Service Commission, as I understand it, also has the authority to license the vehicles themselves, but that again is done by the Department of Motor Vehicles as the PSC's agent.

The Public Service Commission to the extent that anyone has authority to regulate the kind of service we are getting has the authority but there are some limitations on that authority. For example, a court has decided that the Public Service Commission is not authorized to limit the number of taxi driver licenses nor their hours of operations.

The Public Service Commission also has the authority to determine the level of and the maintenance of insurance sinking funds which some taxi cab associations are allowed to maintain as self-insurers. The Department of Motor Vehicles, in addition to the vehicle and the driver licenses functions mentioned, functions that they have by delegation from the Public Service Commission, also issues the colors, determines the colors that the cabs and the police are going to use. That also is a delegated authority from the Public Service Commission. It maintains insurance files. If a driver is found to have lapsed insurance the Department of Motor Vehicles goes to the police department and says get that vehicle off the streets. That's a function they handle and they receive and investigate taxi cab complaints and present those complaints to the Hackers License Appeal Board which is again another agency.

Now, that agency is made up of—it's chairman is Mr. John Mack who is the Deputy to the City's Executive Secretary and as I understand there are 24 members on that Board representing citizens, the taxi industry, and various others and they are the disciplinary board. They hear the matters, the complaints which are presented to them by the Department of Motor Vehicles and they determine whether a license should be suspended or revoked or whether the case should be dropped or whatever, and I understand that their determinations are subject to appeal by the court.

There's also the Police Department which has the only real enforcement arm that we have out on the streets. They've got something like five Hack inspectors, two of whom are working at a given time and then they only work in the daytime hours from 8 o'clock to 4 o'clock, and they ticket violators, taxi cab violators, for such things as refusal to take a passenger, dirty cab and various other violations.

And finally, the Department of Insurance is involved. The Department of Insurance sets the amounts of insurance that cab drivers are required to carry. They generally set the insurance limits and then the City Council has a rule.

The Hackers Appeal Board that I mentioned, is a disciplinary body. It was held in a court action some years ago that the Appeal Board does not have the authority to take a license away or to suspend a license because it is a Public Service Commission license. The Appeal Board also had to have the City Council's authority to do that.

So, the City Council has passed regulations allowing the Hackers License Appeal Board to take the action with respect to taxi drivers licenses.

That's it I think in a nutshell I hope.

Mr. REES. It's a pretty complicated nutshell.

Mr. SCHNEIDER. I would like to add something to it with respect to your statement. Our proposal is that this study we are talking about be conducted jointly between the Office of Planning and Management; the Mayor's office, and the Public Service Commission. We also intend to involve the Council of Governments to the extent they can be helpful, and I think they can, and the Washington Metropolitan Area Transit Authority on the question of how to coordinate taxi cabs with the Metro System.

I think your amendment says the PSC does the whole study and reports to the Mayor and Commissioners and the Council. We contemplated we would be involved in that study. We had some resources, we had some interests, and we think the matter transcends really the interest of the Public Service Commission and I think the Public Service Commission agrees we ought to be involved in that study. We would like to. We think we can help to bring something there.

Mr. REES. In section 28 on page 14 there is an addition which authorizes the Public Service Commission to issue orders and regulations limiting the authority and the licensing and then authorizes the Commissioner to promulgate regulations dealing with the processing of approval of applications of course. Does this give back to the Commission some of the power that the courts have said your Commission doesn't have?

Mr. SCHNEIDER. Yes, it does. One aspect of it but as I said in my formal statement, it is my feeling that this particular section is probably premature because it prejudices some of the conclusions we may have in this study.

For example, if we determine after studying the meter question that it is appropriate to have meters in Washington taxi cabs, that fact alone may operate as a limiting factor and we may not then have to go to another procedure for limiting drivers. In other words, it might be self limiting and we don't need this kind of language.

In any event, if you gave this to the Public Service Commission now it probably would have difficulty in implementing it without studying it so our feeling is we don't need it at this point. We would like to look at it as one of the issues of the overall study.

Mr. REES. Thank you. I suspect it might be best to give the other witnesses a chance to testify with a five-minute limitation. When all testimony is finished, members of the Committee can pose questions to the witnesses. Is that all right?

Mr. NEELY. Mr. Rees, my name is Commissioner H. Mason Neely, Commissioner of the Public Service Commission of the District of Columbia.

[Mr. Neely's statement follows:]

PREPARED STATEMENT OF H. MASON NEELY, COMMISSIONER OF THE PUBLIC SERVICE
COMMISSION OF THE DISTRICT OF COLUMBIA

My name is H. Mason Neely. I am a Commissioner on the Public Service Commission of the District of Columbia. Appearing with me this morning is Linus H. Deeny, Assistant Corporation Counsel.

At the outset, we wish to state our basic support for Sec. 27 of H.R. 7634 which was introduced by Congressman Diggs in the House on May 9, 1973. If Congress has given the Public Service Commission the authority to determine the manner in which rates are to be structured and set by the telephone, electric and gas companies in the District, Congress should also ultimately permit the PSC to exercise similar authority over the taxicab industry in determining the manner in which taxicab rates and fares are determined.

Sec. 27(a) of Congressman Diggs' bill authorizes the PSC to conduct an investigation and a study with a view to determining the desirability and feasibility of requiring the installation of meters in taxicabs in the District. The Commission believes that such a study is both desirable and necessary. Such a study would serve really two purposes: (1) It would permit the Commission to determine whether meters are in fact a preferable method of setting taxicab fares, and (2) it would force a rational analysis to be made of the present zone system. No real analysis of the present zone system has ever been made because no alternative to the zone system has been legally available within recent years. Certainly a year is an adequate period of time within which to formulate and complete such a study. It is anticipated that at least a portion of the work involved in making the study would be undertaken by the Staff of the PSC.

Finally, the Commission concurs in the course of action suggested by Douglas N. Schneider, Jr., Transportation Systems Coordinator for the District of Columbia in asking that:

1. The restriction in the annual appropriations act against meters be ultimately removed. The Commission wishes to emphasize that it views this question as more fundamental than merely a question of meters versus zones. Removal of the rider is necessary so that the Commission will be free simply to exercise the authority it already has to set taxicab fares in a rational and reasonable manner.

2. A study should be undertaken into the matter of the possible revision of the taxicab regulations, and the manner and effectiveness of their enforcement, including possible revisions in legislation.

3. A comprehensive study must be made into the proper role of taxicabs in our transportation system. To my knowledge, the relationship between taxicab operation and other forms of transportation such as buses, and soon the subway, has never been closely examined in this city.

Although these three additional proposals extend well beyond a study of the desirability of meters which would be authorized under Sec. 27 of H.R. 7634, we wish to emphasize that the enactment of Sec. 27 with nothing more would be a very important first step. It would perhaps be the first constructive piece of legislation concerning the taxicab industry in almost 40 years.

However, if Congress finds that the more comprehensive study would be desirable at this time, the PSC, in cooperation with the Office of Planning and Management, which is of the Executive Office of the Mayor, is prepared to go ahead with such a study which could be completed within a year. During the course of the year we could submit progress reports to Congress regarding our work to date.

Mr. NEELY. At the outset we wish to state our basic support for section 27 which was introduced by Congressman Diggs. We believe that the bill which authorizes the Public Service Commission to study with a view of determining the desirability and feasibility requiring the installation of taxi cab meters is a good bill and a good provision.

We have not of course, at this particular time you indicated, we have not determined that there should be or should not be taxi cab meters in the District of Columbia. We do feel that the Public Service Commission should have the support to make an investigation to see if taxi cab meters are desirable.

As far as the amended language of the bill is concerned, going toward the adequacy of service, we definitely think that this would be an appropriate part of the bill as far as the study was concerned.

We have no objection whatsoever and, as a matter of fact, we welcome the mayor's office and also the D.C. Council to undertake in conjunction with the Public Service Commission the study of the desirability of having taxi cab meters and also the adequacy of service of taxi cabs within the District of Columbia.

Going to section 28, of the bill, we would concur with Mr. Schneider in his remarks that the limitation of section 28 would probably be premature at this particular time. We believe that the limitation question should properly be handled within the study itself and that at a later date we can make recommendations on the limitation question.

Mr. Schneider indicated that if we do find that meters would be desirable that a limitation would come about automatically so we would delete this part of the section.

Mr. REES. Fine, thank you. Mr. Ketchum informed me that he has to leave in a few minutes, and he did want to ask some questions. I will break the testimony here and recommend Mr. Ketchum.

Mr. KETCHUM. I would like to hear someone from the industry if I could prior to leaving.

Mr. REES. Let's see if we have some volunteers around.

Mr. SCHLAIFER. Mr. Chairman, my name is Irvin G. Schlaifer, I am chairman of the Emergency Taxi Committee. We are absolutely opposed to section 27 and section 28. They should both be dropped out of this particular omnibus bill. This entire hearing should be full one and some more members of the industry can take part and more members of the public can take part. It looks too much like the situation where the bureaucrats have decided as to the outcome of our livelihood. They hold life or death over us.

Now, the question of the taxi meters. The taxi meter is not the answer. The taxi meter is a legal right to steal. I have had any number of people tell me when they ride in my cab the terrible things that happen to them when they had taxi meters. In fact, in Los Angeles the Yellow Cab Co. was almost thrown out of the city running their taxi meters 20-percent faster than what they should have been. Their excuse was they didn't know what the mechanic was doing to their meters. So this is what you are faced with taxi meters.

Now, the Public Service Commission has all the authority it needs right today to do everything it needs to do. We've got enough rules and enough regulations bugging us. The result is they will motivate us out of fear, they won't motivate us out of reward. And we want to give service to the public. 99% of the blame should be put on the Public Service Commission. The cab driver should only take 1% of the blame for what problems we have out here.

I am a petitioner now in formal case number 577 and here they are taking their sweet time deciding when and if they will decide to use a new type of taxi zone system, and the reason they are doing this is they want something like this to be put in their hands and they can manipulate all they want behind closed doors. We won't know who is back of those doors whether some big outfit wants to take over. Mr. Schneider just now got through telling us that we want to integrate this with the Metro System. The bus all over the years has gotten nothing but subsidy after subsidy after subsidy and all that we in the taxi cab job have got was a kick in the ass. That's all I will say.

From the floor. Right on, brother.

Mr. SCHLAIFER. And I think it's high time that we ought to investigate the Public Service Commission and say take them out of the taxi cab business. Put us under the Department of License Inspection.

Now, let me point out this to you, in 1958, the transportation center of Northwestern University in Chicago made a study of the Chicago taxi cab industry. They made their recommendations. One is that taxi cabs should not be classified as utilities. Two, the taxi cab operators should set their own rates. In that particular area I would say let the city put a floor under the rates so there wouldn't be cut throat competition.

Taxi licensing should be handled by the city, not by a public utilities commission. Taxi cabs should not be limited.

Now, this was in 1958. In 1971, another study was made by the University of Chicago Law School and in their Journal of Law and Economics, they have a 66 page study of regulations of taxi cabs in Chicago. I will read one paragraph on page 285, and the first paragraph says this:

"Students of economics and urban transportation frequently cite the limitation on a number of taxi cabs in most American Cities as a clear case of unwise Government policy. They argue that a limitation on a number of cabs can only operate to raise the price and decrease the supply of taxi cabs service as compared to that which would otherwise be provided. The argument is supported by the example of Washington, D.C., where there is no limitation on the number of cabs and a low-cost service.

There's some more. I want to go on to another part of my statement here.

We do not need limitation of taxi cabs in D.C. In 1953, 10,490 taxi cabs licenses were issued. For the license year beginning April 1, 1972 thru March 31, 1973, a total of 9,528 taxi cab licenses were issued. We now have 962 fewer taxi cab licenses in a 20 year time spread. For the new license year beginning April 1, 1973, 7,839 taxi cab licenses were issued. As of May 18, 1973, a total of 8,330 taxi cab licenses had been issued. The low supply and demand can do the job far better and far more efficiently when it comes to limiting the number of vehicles for hire, be they taxi cabs, limousines, ambulances or buses needed to provide the services they perform.

Now, last year, that virtually put the Washington Metropolitan Area Transit Commission out of business and that's where Mr. Schneider was. He was chief counsel. Then he became the executive director. He got scared. He said this office is going out of business, I've got to find a job someplace else. He looked into the mayor's office and now he's down there manipulating all this stuff and advising the Mayor what we need to do is let the P.S.C. take over all of our buses when we go out of business. And we don't need to issue certificates of public convenience and necessity. It makes it a rich man's game.

The people who can't afford to hire expensive lawyers have the door shut on them. Let them get into the taxi business, let them find out if they like it and if they like it they will stay in it.

Now, the question is if I were to operate a vehicle what kind of a threat would I be if I wanted to have a limousine or mini-bus and I also would happen to do sight seeing, what kind of a threat would I be to any of these certificate carriers where if I operate would be

restricted to the District of Columbia? We have a population of a little over 800,000 people here and less than a 70 square mile area. Do we need something as massive as in I.C.C. type of operation of Public Service Commission that they are going to regulate every vehicle out here for hire whether it is a bus, a car that's for rent or an ambulance or a taxi cab?

Now, the reason we are here today is that the Members of Congress want better taxi service. That makes no sense to us to limit the number of taxi cabs to get better service. To get better service you would first need a better zone system, a better rate system. When this is accomplished, you will then attract more men and women who want to be cab drivers and that will lead to more taxicabs being put on the streets of D.C.

Now, the mess that we are in today, is the direct blame of the P.S.C. The P.S.C. is big business oriented. The P.S.C. prefers to deal with the rich utilities like the electric, gas and telephone companies. We in the taxi cab industry are just a nuisance to them. The P.S.C. has been corrupt in its treatment of the Members of Congress, the taxi cab industry, and the cab-riding public.

Section 27 and Section 28 of H.R. 7634 would give the P.S.C. the kind of control over the taxi cab industry they should never get. If the P.S.C. ever got this control they would become absolutely abusive with the taxi industry. They would have the power of life or death over any operator be a taxi cab, limousine, bus or ambulance. The approach of the P.S.C. would be to motivate the operator out of fear, not out of reward. There are already more than enough controls and regulations that these operators must face day in and day out, without having even more controls and regulations forced upon them. The net result of all this would be a passenger transportation industry that would become an even worse mess than it is now.

The P.S.C. already has all the authority it needs to regulate the taxi cab industry. It can be accomplished by requiring higher standards. For instance, the P.S.C. could require age and mileage limitation for every cab. Such as a vehicle would not be licensed as a taxi cab if it is over 7 years old and has over 300,000 miles on it. The P.S.C. can also require that a vehicle must be new to start out with and that a licensed cab driver wishing to operate his own vehicle as a taxi cab must guarantee the P.S.C. that he will be a full-time cab driver for the first three years. The P.S.C. could also require the owner of a taxi cab license to set aside \$10 a week in a special "New taxi cab reserve replacement fund." This is how the P.S.C. can develop a healthy system of self limitation of taxi cab licenses.

On March 7, 1972, the hearing was held before Senator Daniel K. Inouye of Hawaii before the Committee on the District of Columbia, U.S. Senate on taximeters. Our statement is on pages 41 through 62. When you read what we had to say at this hearing before Senator Inouye, you will agree with us that our opposition to taximeters is correct.

[The statement of Mr. Schlaifer follows:]

STATEMENT OF IRVING SCHLAIFER, CHAIRMAN, EMERGENCY TAXICAB COMMITTEE

Mr. Chairman and Members of this Committee, my name is Irving Schlaifer. I live at 1344 Kennedy St., N.W., Washington, D.C. 20011. I am a cab-owner-

driver. I have been a cab driver in Washington, D.C. for over 26 years. I am Chairman of the Emergency Taxicab Committee. Its membership is composed of those in the taxicab industry that may, from time to time, find a need that through it, they can voice their opinions and take a stand on the various problems that they must face.

We are here today to say that we are absolutely opposed to Sec. 27, (a) and (b), and Sec. 28 of H.R. 7634, introduced May 9, 1973.

Sec. 27, proposes that the D.C. Public Service Commission (P.S.C.) study the desirability and feasibility of requiring the installation of meters in taxicabs in D.C. Taximeters are not the answer. The taximeter is the legal right to steal. All that we need is to replace the oppressive and obsolete taxi zone now in use, with the Mileage Rate Zone System. Taxi service must be improved and improved at once. The Congress and the public should not have to be made to wait forever, while the P.S.C. takes its "sweet time" deciding on whether or not to make up its mind to authorize the use of the Mileage Rate Zone System, now under study in the current taxi rate hearing Formal Case No. 577. The Members of Congress should introduce a Bill calling for the immediate use of the Mileage Rate Zone System. Such a Bill would not be in conflict with the Congressional ban on the use of taximeters, but, requiring the use of a System of Uniform Zones.

Sec. 28, calls for the issuance of Certificates of Public Convenience and Necessity (certificate) for passenger vehicles for hire. Passenger vehicles for hire would include buses, taxicabs, limousines, ambulances, and possibly other vehicles. The burden of proof, in order to obtain a certificate, would become an expensive ordeal for the applicant. The right to operate with a certificate would now become a nightmare. Expensive lawyers would become a necessity in order to prove that you deserve to be granted a certificate, and, to keep such a certificate once it is granted to you. It would make it a rich man's game. It will permanently shut the door of opportunity to everyone in any minority group. This represents controlled enterprise at its worst. We will wind up being regulated to death. The well financed vested interest should not have a complete monopoly on providing these services. We should and must have laws that give us more of free enterprise and less of controlled enterprise.

A research report containing 132 pages, prepared by The Transportation Center at the Northwestern University, March 27, 1958, regarding "The Operation and Regulation of Taxicabs in the City of Chicago", brought out these four important statements:

1. Taxicabs should not be classified as a utility.
2. Taxicab operators should set their own rates.
3. Taxicab licensing should be handled by the city licensing department and not by a Public Utilities Commission.
4. Taxicabs should not be limited.

Everyone should read this research report even though this study was made for the City of Chicago. These four recommendations would do more to solve the problems of getting better service to the public in D.C. than the way we are forced to do it today. We ask that your Committee do everything it possibly can to get these four recommendations adopted at once. We are convinced that the taxicab industry problems can be handled with far less expense and greater overall good, if it is taken out of the hands of the P.S.C. We recommend that a Bill be introduced to put the taxicab industry under the control of the Department of Motor Vehicles and Licenses. That is where we really belong.

We do not know for whose convenience the taxicab industry was put into the classification of being a utility. We believe that a utility is that type of operation which by its very nature restricts competition and is therefore in need of government control and regulation. The D.C. taxicab industry is made up of over 60 companies and associations. Thousands of independent cab-owner-drivers are affiliated with these companies and associations. About 500 independent cab-owner-drivers operate with their own personal name on their cab. We are a highly competitive industry and should not be classified as a utility.

In October 1971, a 66-page study of "The Regulation of Taxicabs in Chicago" was published in "The Journal of Law & Economics" by the University of Chicago Law School. On Page 285, the first paragraph of Part I of the introduction states as follows:

"Students of economics and urban transportation frequently cite the limitation on the number of taxicabs in most American cities as a clear case of unwise

government policy. They argue that a limitation on the number of cabs can only operate to raise the price and decrease the supply of taxicab service as compared to that which would otherwise be provided. The argument is supported by the example of Washington, D.C., where there is no limitation on the number of cabs and a low-cost service."

On Page 343, Part V, Summary and Analysis, the first four sentences of the first paragraph states as follows:

"The important factor in the development of taxi regulation in the City of Chicago since 1930 has been the ability of the firms already in the industry to remain the only source of information about the industry. Checker, Yellow and the independents share a common interest in preserving their legal protection against new competition. To further this interest they have been able to generate the myth that the industry under competition, has been proved irresponsible and unstable. Their version of the history of the taxicab ignores the more than fifty years of apparently satisfactory free entry and free rate regulation prior to 1929."

Although there are 4,600 licensed taxicabs in Chicago, on Page 292 of this study the first paragraph goes into the problem of illegal cab operations as follows:

"The disparity in licensed taxicab service actually available in different parts of the city is offset to some extent by the city's apparent toleration of substantial illegal cab operations on the near west side of the city in some of the city's poorest black neighborhoods. These unlicensed cabs are reported to number about 300. They operate out of other businesses with telephones such as record stores or groceries. They advertise by means of hand-printed business cards distributed throughout the neighborhood. Many are radio dispatched, apparently by means of short range radio operating on Citizen Band frequencies. They specialize in short hauls within the neighborhood. . . . Tacit police tolerance was also suggested by interviews with customers, who reported it was their understanding that it was 'all right' for the illegal cabs to operate outside of, but not in, the loop area. Tolerance of these operations makes service available to neighborhoods that would not be served by the licensed cabs. Keeping them outside the loop and other high demand areas protects the economic interests of the licensed taxis and drivers."

A thorough reading of this study containing 66 pages is a must. It will open your eyes to the fact that what we have here in D.C. is far superior by comparison. In D.C. we have never had the problem of illegal cabs because for years and years we have had a long standing policy of having no limitation placed on the number of taxicab licenses that were to be issued each year. It is of the utmost importance that this same policy in D.C. be left exactly as it is. The problem of illegal cabs is one that you will find in the other large cities such as Chicago.

We do not need limitation of taxicabs in D.C. In 1953, 10,490 taxicab licenses were issued. For the license year beginning April 1, 1972 thru March 31, 1973, a total of 9,528 taxicab licenses were issued. We now have 962 fewer taxicab licenses in a 20 year time spread. For the new license year beginning April 1, 1973, 7,839 taxicab licenses were issued. As of May 18, 1973, a total of 8,330 taxicab licenses had been issued. The law of supply and demand can do the job far better and far more efficiently when it comes to limiting the number of vehicles for hire, be they taxicabs, limousines, ambulances or buses needed to provide the services they perform.

Last year, Metro took over all of the existing mass transit operations in this area. In 1961, the Washington Metropolitan Area Transit Commission (W.M.A.T.C.) began its operations to regulate buses, limousines and taxicabs. Since Metro will set its own rates, routes, schedules and number of vehicles it will use, the W.M.A.T.C. will have very little work to do and will very likely go out of business in the very near future.

There is no reason to try to put what is left of their functions into the P.S.C., such as, the issuing of certificates. Those operators that have certificates can be once more be handled by the Interstate Commerce Commission (I.C.C.). D.C. to my knowledge, never did require certificates for charter and sightseeing operators, this was and still is the function of the I.C.C. In 1961, the W.M.A.T.C. issued certificates as well. How can any of us, who might want to own and operate any vehicle carrying nine or more passengers be a threat to the certificated operators.

when our operations will be restricted to D.C.? Does D.C. with a population of a little over 800,000 people and a land area of less than 70 square miles, really need certificated vehicle for hire operators? The answer is a resounding NO!

The reason we are here today is because the Members of Congress want better taxi service. It makes no sense to us to limit the number of taxicabs to get better service. To get better service you would first need a better zone system, and, a better rate system. When this is accomplished, you will then attract more men and women to want to be cab drivers, and, that will lead to more taxicabs being put on the streets of D.C.

The mess that we are in today, is the direct blame of the P.S.C. The P.S.C. is big business oriented. The P.S.C. prefers to deal with the real big utilities like the electric, gas and telephone companies. We in the taxicab industry are just a nuisance to them. The P.S.C. has been corrupt in its treatment of the Members of Congress, the taxicab industry and the cab-riding public.

Sec. 27, and Sec. 28, of H.R. 7634 would give the P.S.C. the kind of control over the taxicab industry that it should never get. If the P.S.C. ever got this control, they would become absolutely abusive with the taxicab industry. They would have the power of life or death over any operator be it, taxicab, limousine, bus or ambulance. The approach of the P.S.C. would be to motivate the operator out of fear, and, not out of reward. There are already more than enough controls and regulations that these operators must face day in and day out, without having even more controls and regulations forced upon them. The net result of all of this, would be a passenger transportation industry that would become an even worse mess than it is now.

The P.S.C. already has all the authority it needs to regulate the taxicab industry. The P.S.C. has refused to make good use of this authority because it would mean extra work for them. The P.S.C. has treated the taxicab industry like an unwanted child. It is only when the Members of Congress get angry about what is going on, that the P.S.C. suddenly gets interested in doing a little something.

The P.S.C. already has the authority to limit cabs. It can be easily accomplished by requiring higher standards. For instance, the P.S.C. could require an age and mileage limitation for every cab, such as, that a vehicle will not be licensed as a taxicab if it is over seven years old and has over 300,000 miles on it. The P.S.C. could also require that a vehicle must be new to start out with and that a licensed cab driver wishing to operate his own vehicle as a taxicab must guarantee the P.S.C. that he will be a full time cab driver for the first three years. The P.S.C. could also require the owner of a taxicab license to set aside ten dollars a week in a special "New Taxicab Reserve Replacement Fund". This is how the P.S.C. can develop a healthy system of self-limitation of taxicab licenses.

On March 7, 1972, a hearing was held before Senator Daniel K. Inouye of Hawaii, before the Committee on the District of Columbia U.S. Senate, on taximeters. Our statement is on pages 41 through 62. When you read what we had to say at this hearing before Senator Inouye, you will agree with us that our opposition to taximeters is correct.

We want to thank you very much for giving us the opportunity to appear before your Committee. I will be glad to answer any questions that your Committee may care to ask.

Mr. REES. Thank you very much, your five minutes has expired. I would like to grant every witness the same amount of time. I recognize Rev. Moore who is counsel of the D.C. City Council. Mr. Moore?

Rev. JERRY A. MOORE, Jr. Mr. Chairman. I am here on behalf of the District of Columbia Council. I have submitted for the record a letter addressed to you, sir, signed by the Chairman of the District of Columbia outlining the council's position with regards to taxi industry in the District. I believe that submission will suffice as a statement of the council's position at this time. If there are questions that you or members of your Committee desire to ask of me, I should be very happy to attempt to answer them.

Mr. REES. Fine. Your statement is being distributed to the members.

[The letter referred to dated May 22, 1973, of Chairman John A. Nevius follows:]

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
CITY COUNCIL,
Washington, D.C., May 22, 1973.

HON. CHARLES C. DIGGS, JR.,
Chairman, House Subcommittee on the District of Columbia, Congress of the United States, Washington, D.C.

DEAR CHAIRMAN DIGGS: As Chairman of the District of Columbia Council's Transportation Committee, and as a citizen, I want to take this opportunity to thank your Committee for holding a hearing on the important subject of taxicab regulations within the District of Columbia. I am enclosing herewith a copy of the letter sent by Chairman Nevius on behalf of the Council for inclusion in the record on the hearings being conducted on H.R. 7634. As you can see from this letter, it is the position of the Council including myself, that the responsibility for regulating the taxicab industry should be specifically delegated by Congress to the City Council. I would, of course, be willing to discuss this matter more fully with you at any time.

Very truly yours,

JERRY A. MOORE, JR.,
Chairman, Transportation Committee.

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
CITY COUNCIL,
Washington, D.C., May 22, 1973.

Re Regulation of passenger vehicles for hire.

HON. THOMAS M. REES,
*Congress of the United States,
Washington, D.C.*

DEAR CONGRESSMAN REES: On behalf of the entire District of Columbia Council I want to thank your Committee for allowing us this opportunity to express our opinion on the regulation of taxicabs in the District of Columbia. Accordingly, I request that this letter be included in the record of hearings on H.R. 7634 presently being conducted by your Subcommittee.

This entire subject, at this point in time, is confusing. The Public Service Commission pursuant to 47-2331(c) D.C. Code 1967 ed. (Supp. V, 1972), is vested with the power to "make and enforce all such reasonable and usual police regulations . . . for the proper conduct, control, and regulation . . . of passenger motor vehicles for hire." At the same time, 47-2345(a) D.C. Code 1967 ed. (Supp. V, 1972), in conjunction with Reorganization Plan 3 (1967) D.C. Code Section 402(394) provides that the Council shall make regulations necessary for the furtherance of the issuing and suspension of licenses enumerated in that chapter in which Hackers Licenses are included. Moreover, there is in existence the Hackers Board, Government of the District of Columbia, which presumably has the power to hear complaints lodged against individual licensees.

In analyzing the functions of the various bodies charged with the promulgation and enforcement of regulations pertaining to the taxicab industry, the D.C. Court of Appeals in *Proctor v. Hackers Board, Government of the District of Columbia*, 268 A.2d 267 (1970), found that the Public Service Commission has the authority to promulgate the regulations governing taxicabs and the setting of rates. The District of Columbia Council has the exclusive authority to indicate regulations which, when violated, may result in suspension of a license.

The Hackers Board may hear complaints lodged against individual licensees and may, in fact, suspend such licenses in accordance with the Administrative Procedures Act, 1-1501 D.C. Code 1967 ed. (Supp. V, 1972), if it finds that one of the regulations enumerated by the Council has been violated; or "in the interest of decency" suspension is warranted; or in the interest of the protection of lives, limbs, health, comfort and quiet of the citizens of the District of Columbia, suspension is warranted. However, the Hackers Board may not enforce the regulations promulgated solely by the Public Service Commission. Moreover, Article 27 of the District of Columbia Police Regulations enumerates licensing procedure involved therein.

In summary, it is obvious that the responsibility for the regulation of taxicabs in the District of Columbia has been delegated to four different bodies whose responsibilities are overlapping and often competitive. In light of the above, it is not surprising that confusion does exist.

This state of confusion most recently came to light during a round-table discussion with certain members of the industry which the Council's Transportation

Committee held on April 23, 1973. As a result of that meeting, the industry and the Committee reached the following agreements:

1. The regulation of taxicabs should be centralized in the District of Columbia Council.
 2. The industry will take an active role in the development of more inclusive regulations, and
 3. A system must be devised whereby each and every citizen will know or have access to the rights given to him by these new regulations.
- It is evident that Congressional legislation is necessary in order to clear up the confusing state of affairs. It is the Council's position that such legislation should centralize all taxicab matters with the District of Columbia Council. This position is consistent with our view that the Council should be vested with the authority to regulate in all areas which concern the citizens of this city as consumers. It is, therefore, recommended that H.R. 7634, Sections 27 and 28 be amended to encompass the above.

I should add that due to the very brief opportunity for us to consider this matter, it has not been possible to obtain the views of the Office of Management and Budget.

On behalf of the Council, I am,
Very truly yours,

JOHN A. NEVIUS,
Chairman.

Mr. REES. Can we have someone else? There's a gentleman raising his hand.

Mr. WRIGHT. Mr. Chairman, my name is William A. Wright, Chairman of the Taxi Industry Group and I have with me Mr. Fred Matthews, who Executive Secretary. We have two consultants who would like to base a statement on behalf of what we propose to do.

Mr. REES. Mr. Wright, you are a member of the Taxi Cab Industry Group?

Mr. WRIGHT. Yes.

Mr. REES. Very well. Would you bring your witnesses up?

Mr. WRIGHT. All right, thank you.

Mr. Chairman, first of all I would like to state we have some objections to the bill and we wish to say we have no animosity towards the regulatory bodies in the District, the Public Service Commission, the mayor and other persons who regulate us. We are anxious to work with them and feel they are trying to do their job and we are here trying to do our job. We hope that everyone understands us in that light.

First, we would like to have Mr. Matthews, our executive secretary, read a statement which we will submit later once it has been published. There are some errors we have discovered we would like to cover and then we have a consultant, Mr. James Cochran of Baltimore, Maryland, who would like to make a statement and Mr. William Johnson, who has had experience in helping to work out problems in other cities in connection with taxi cab meters limitations. We hope that you will give the same consideration to them and I will ask Mr. Matthew to read the prepared statement.

[Mr. Matthews' statement and Taxi Group materials follow:]

THE TAXICAB INDUSTRY GROUP,
Washington, D.C.

Hon. THOMAS M. REES,
Chairman of District Subcommittee on Revenue and Fiscal Affairs.

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE: The questions before this Committee pertain to a proposed study concerning the installation of taxi meters and a grant of authority to the Public Services Commission to limit licenses.

Justification for the bill is the alleged lack of quality service by the taxicab industry.

The Taxicab Industry Group believes that the proposals would only add to the problems of service.

A review of the industry in other areas, areas with meters and limitations points up that these cities also have problems, in many cases problems greater than ours.

Examples of the problems are:

A. Driver turnover: Our industry is unique. 80 per cent of our drivers own their cabs. They invest between \$5,000 and \$6,000 for a cab, an annual investment of \$15,000,000 made by the drivers of this community. In areas where there is limitation, you generally have company owned vehicles with either renters or employee drivers. One company in Montgomery County reports an annual driver employee turnover of 300 per cent.

B. Increased cost: Meters cost approximately \$350.00 per cab or \$3,150,000 to convert the current cabs. Who is going to pay for this? The public, by increased fares.

C. Insurance: The district cab driver pays \$338.00 per year in insurance. A Montgomery County cab pays \$1151.00 per year. A Prince Georges County cab pays \$1315.00 per year. A Fairfax County cab pays \$800.00 per year. Why? 1. Accident rates are higher; 2. Most of the drivers are either renters or employers and do not care about the condition of the cab. An increase in insurance would ultimately be paid by the riding public. This means inexperienced drivers, reckless drivers and a general disinterest concerning the public.

D. Increased cost to public: A review of mileage charges in other cities compared to the zone rate could price our service out of the market. Example: An eight zone fare costs \$3.80. That's for a trip of between 10 and 12 miles. A standard rate in other cities is \$.60 the first $\frac{1}{4}$ mile, \$.25 each additional $\frac{1}{4}$ mile. 10 miles would represent a cab fare of \$10.40. Can the public afford such a fare?

Let's examine the current quality of service:

A. Our industry is currently transporting over 184,000 passengers per 24-hour period (based on 2300 cabs per hour, 4 passengers per hour, 18 hours full utilization, 8 hours $\frac{1}{2}$ utilization).

B. The four radio dispatched companies complete 301,000 dispatches a month.

C. We transport passengers for District agencies:

1. Department of Human Resources, approximately 3800 per month.

2. Veterans' Administration, approximately 2100 per month.

D. The cost is reasonable and affordable. A passenger knows what his fare will be regardless of the time involved. That it is affordable is witnessed by the demand for service in the low income areas, a demand we have difficulty meeting.

RECOMMENDATION

We, as an industry, desirous of improving the quality and quantity of service more interested than any other individual or group here because we represent an industry that has invested over \$54,000,000 in cabs, and \$1,500,000.00 in radio equipment. In addition to our cash investment we have invested time and effort to enable our business to grow.

We propose a study on how to improve service. Some of the ideas we have are:

1. Make it easier for a passenger to register a complaint. They now have to go downtown, which requires time and effort.

2. More enforcement of current regulations. Drivers have been accused of passing up passengers on the street. This is a violation of current regulations. Proper enforcement of current regulations will result in improved service.

3. The Taxicab Industry Group is willing to sponsor a full time complaint bureau, that would give us an opportunity to police ourselves. However, to do so we would need the aid and assistance of the authorities.

SUMMARY

We are opposed to the proposals. We do not believe that they offer any solution to our problems, but only compound them.

We recommend a study be conducted to determine what can be done to improve the quality of service for the taxi riding public.

WILLIAM J. WRIGHT,
Chairman.

FRED D. MATTHEWS,
Executive Secretary.

GEORGE PEARSON,
Secretary.

AN OPEN LETTER TO MEMBERS OF THE HOUSE OF REPRESENTATIVES—U.S.A.

This letter comes to express the Taxicab Industry Groups strong opposition to provisions in certain sections of the bill. H.R. 850, introduced originally in bill H.R. 7634, sections 27 and 28, which dealt with the subject of limitation and meters for the taxicabs of the District of Columbia.

At all official hearings of the Public Service Commission relating to taxicab services for the District of Columbia that we were invited to attend and when ever the Citizen groups appeared at these hearings and took a position on meters, they always went on record strongly in opposition to the use of meters in taxicabs in the District of Columbia. In polls taken by the Taxicab Industry Group, the drivers have overwhelmingly rejected the idea of meters and limitation for taxicabs in the District.

In our city, where the Industry itself is in opposition to the use of meters and the riding public is in opposition to the use of meters, we find it rather hard to except the position set forth by the sponsors during the debate on this bill which position if carried out will eliminate part-time drivers. This position, eliminating the part-time driver, runs contrary to free enterprise, which is the foundation on which the American economy is built, and is out of tune with known practices in taxicabs operations in other major cities, including operations in our surrounding areas. We are against any position that would deny people jobs and force them on welfare or into some other undesirable practices.

It appears to us that the only people interested in meters are the meter manufacturers.

What we would welcome is a study that is directed at improving the quality and quantity of service without the use of limitation and meters, and the elimination of part-time drivers. We feel this would be a much better way to use tax payers money.

Having fully set forth our position in two separate documents a "Petition in opposition to the installation of meters in taxicabs in the District of Columbia", dated January 1972 and a letter to Congressman Thomas M. Rees, both of which we hope have been hand delivered to your office by now. We hope you will kindly try and understand our anxiety about this bill.

May we take this opportunity to solicit your cooperation and help in defeating the study regarding meters as is provided in H.R. 8250.

PETITION IN OPPOSITION TO THE INSTALLATION OF METERS IN TAXICABS IN THE DISTRICT OF COLUMBIA

The taxicab industry here in the District of Columbia is composed of, for the most part, independent businessmen who operate their taxis under the colors and insignias of a company or association. The Taxicab Industry Group is an organization which represents approximately 43 of the 62 companies and associations operating in the District.

At its regular monthly meeting on December 29, 1971, The Taxicab Industry Group resolved that the Congress be petitioned to continue the rider, pertaining to the installation of meters in the Taxicabs, as a part of the District of Columbia's Appropriation's Bill for the protection of the free enterprise system of independent taxicab service that has served the riding public of the District so well.

We, the undersigned, go on record as unalterably opposed to the installation of meters in the taxicabs of the District of Columbia as well as to a limitation on the number of taxicabs in the District.

In other major cities of the United States, meters have either followed or preceded a limitation on the number of cabs. Limitations on cabs will force the independent cab driver out of business. The taxi business is unique here in that approximately 90% of the cabs are owner-operated. Therefore, the passengers get a better and safer ride because of the driver's personal investment and interest in his own taxicab. This is not true in other large cities where meters are required and the operation of the taxi system is controlled by fleets. Because he is an independent businessman, as we have previously stated many times, the owner-operator has better equipment and exercises greater care than a driver who is not an owner. It is the independent cab drivers in Washington, D.C., who have given the city the best taxi service of any city in the United States. This is a recognized fact, testified to by the many visitors who ride our cabs as well as the many Senators and Congressmen who travel worldwide and know first hand about good service.

Meters will drive thousands of passengers from our cabs. Meters will bring higher fares. If we must judge from what other cities do, or have done, we will have poor service here in the District. Those who ride our cabs now, know the cost of a trip before telephoning or hailing a cab, despite what is being said by the minority in favor of meters. However, with a metered cab, there can be no predetermined fare. The condition of the streets, the flow of traffic, the weather, and the driver himself, all play major roles in determining the ultimate cost. The poor of Washington will no longer be financially able to afford the convenience of taxicabs at their disposal.

We have a superior service to any other major city where meter systems are used. Our service is prompt and efficient. We have excellent, well-kept vehicles that are a source of pride to the industry, the community and to the owner. We have a very effective telephone call system and many cabs constantly cruise the streets giving prompt service to those persons hailing cabs from the curbs. This service is not available in many cities as cabs do not cruise the streets for fares.

In addition to the full-time driver, we have many part-time drivers who have been able to send their children to college, bought homes, have been able to keep their families off welfare rolls, and generally improved their standards of living, with their extra earnings as hackers. Meters and limitations would do away with all this because the part-time driver represents such a large portion of the total cab industry—thus, another problem will arise—where will these part-time drivers go to seek additional income of financial assistance?

The fact that the industry can represent to you that the cab industry does not want meters and limitations is backed by the results of a survey taken of District of Columbia cab drivers by the Taxicab Industry Group during the last weekend of March 1969 and the first weekend in April 1969, which revealed that:

1. 2,580 drivers answered the question: *Do you favor meters and limitation on the number of taxicabs in the District of Columbia?*

2,073 or 80% were opposed to meters and limitation.

507 or 20% were in favor of meters and limitation.

2. 2,564 drivers answered the question: *Do you favor eliminating part-time drivers from the cab industry?*

2,438 or 95% were opposed to eliminating part-time drivers.

126 or 5% were in favor of eliminating part-time drivers.

We feel the answers received in that survey point out the fact that the independent taxi drivers have the interest of the public at heart and therefore oppose the installation of meters and eliminating part-time drivers from the industry.

We believe that after hearing all the facts, the Congress will not be inclined to remove the meter ban from the appropriation's bill. This ban has served as a guarantee that taxi service in the District of Columbia would be left to the independent businessman. This ban has also served to keep big business monopolies from taking over the taxi industry thereby killing off hundreds of independent owner-drivers. Currently, the ratio of cabs to riders in the District is about 75 to 1—in Baltimore and New York where meters are used, the ratio is about 800 to 1. So, you see if meters are brought to the District, instead of 1 cab for every 75 riders, there could be a decrease of close to 90% of our cabs. Where would these men find jobs? Where would the money be found to support these families?

The idea or belief that meters and limitations are a cure-all for the problems of the taxi service—and the fact that the New York City and Philadelphia systems have been held up as models—has been dramatically dispelled by the contents of the article in the New York Times of April 6, 1969, (page 54 of Section L). Among other things, this article showed that as a direct result of meters and limitations in New York City, a "Gypsy" service developed. That service is part of the Livery Service there and should be for "on call" only. But, they are apparently there when the riders need a taxi, as the metered cab drivers refuse to go into certain areas—on April 4, 1970, the New York Times carried a story in which cab drivers openly admitted they avoided black fares and going into black neighborhoods. Again, the gypsy or bootleg cab came into the act to service this segment of the community. Yet, New York City is cited as the standard for the operation of cabs with meters and limitations. The New York Times article suggests that meters and limitations, instead of solving the problems in New York City have multiplied them.

Another article in the New York Times on April 16, 1970, revealed that taxi fares went up an average of 49% on March 2, 1970, but drivers for the fleet owners complained that they received less in take-home pay due to the fall-off in ridership and a decline in tips. The article also stated that there was a heated

dispute and an interrupted union meeting because of this increase and less take-home pay. We don't need meters to invite monopolistic ownership of cabs in the District of Columbia.

Prior to the last rate increase—March 1970—anyone who had visited New York City regularly attest to the fact that over a long period of time, it has become increasingly more difficult to hail a cab in New York City. Yet, those who say meters are the solution for the District of Columbia taxi problems used the New York City system as the ideal system. How can they? The meter system invites the monopoly—once you get a monopoly, the price of the license will become so expensive that the average working person cannot purchase one. In New York City, the going price for a medallion is \$25,000. The District of Columbia's system of individual ownership is by far the best.

About 4% of the cabs in the District of Columbia operate as strictly independent, governed only by the rules and regulations for taxicabs of the District of Columbia. There are about 90% who are independent owners who operate under the insignia and colors of a company or association and thereby receive many more benefits than the strictly independent driver. We do have some fleet owners.

The Washington Post Newspaper of November 13, 1971, made an issue of the fact that the drivers in the District have fallen off because they are unhappy about the business situation. That two years ago, there were 11,000 drivers and this year a drop to 9,000. Once again, the New York Times of April 13, 1971, featured almost a full page in connection with the taxi problems, and the main issue was about not being able to get enough drivers.

The April 6, 1969, New York Times reported that the Yellow Cab Company of Philadelphia was offering \$50 in free rides to anyone who recommended a driver who was hired full time; and \$20 worth of free rides for a part-time driver. Thus, the article revealed that there was a lack of drivers even with meters in Philadelphia as well as in New York City. This New York Times article proves the Washington Post is wrong again.

Our problem in the District of Columbia is not the lack of drivers, but that drivers are fearful for their lives and for this reason, many are retiring from the hacking business. Here in the District of Columbia, stores and shops are now locking their doors, either closing up or moving to the suburbs because of the crime situation. Our drivers are not using the fact they pass up potential passengers as a crutch or alibi, they are actually afraid to pick up questionable looking people. After all, one must protect one's life which is at stake in so many instances of robbery. The large office buildings, apartment houses, government buildings are all locking their doors and providing greater security for the protection of those inside. The taxi driver cannot separate himself from his riding public, he doesn't know who is entering his cab. Thus, the use of the radio calls are relied upon very heavily by the drivers who feel it is safer to answer a radio call than to pick-up a fare from the curb. However, this heavy reliance upon the answering of radio calls has caused a flurry of complaints by persons attempting to hail a cab that apparently refuses to stop. When a driver has a call, by radio or previous engagement, his first duty is to honor his commitments. All cab companies operating radio cabs require drivers to respond to an assigned call.

A survey of six radio companies and associations reflected an average number of dispatched calls per day for January, February and March 1969, to have been 7,803. This, in itself, would necessitate many persons on the streets being passed up—one single cab could pass up as many as five or six people while he is on his way to answer a single call. Multiply those 7,803 calls by five or six—see how many complaints could be generated? While we do acknowledge that all drivers who use "on call" signs are not bona fide radio call answerers, we believe that they constitute a very small number compared with the total number of drivers legitimately using the "on call" sign to answer radio calls, etc. It is unfortunate that a large number of the riding public does not know what is happening.

To counteract the possibility that some drivers may be passing up fares for no apparent reason, we are supporting stricter punishment for the guilty drivers who travel without properly displayed signs as to what business they are about, and for repeaters of this infraction of the rules and regulations governing the hacking industry. The Hackers' Review Board will be speeding up hearing activities for the year 1972. This will improve the service to the public as the drivers who violate the regulations will be called in for a hearing much sooner than they have been in the past. This will be a part of our concerted efforts to improve

taxi service to the public along with the request that straight fares be charged beginning with the evening rush hour—4:00—through the morning rush hour—9:00—for all group riding. We also propose to ask that more uniformed hack inspectors be hired and placed on the streets to assure the riding public that the rules and regulations of the Hack Inspector's Office are obeyed.

At one time, there were 15 specially trained uniformed hack inspectors to police the drivers in the street. That total is now down to only three. Of course, three inspectors cannot police 10,000 hackers on the streets of Washington. Drivers know that their day-to-day activities are not being observed. Therefore, a small percentage—about 5%—of the drivers are creating problems and a bad image for the total industry. There are about 95% of the drivers who obey the law in respect to picking up fares and otherwise doing their duties.

Even the Police Department supervises its officers—yet there are a few policemen who bring dishonor on the Department but this does not mean that all policemen are bad. Therefore, it is necessary that the taxicab industry be policed in order that the bad image these few have given the whole industry may be cleared up.

In the matter of increased income, the District of Columbia cab drivers can take his request for increased fares to the Public Service Commission and be heard. This has been done in the past and will be done again in 1972. At our last rate increase hearing, we asked the Public Service Commission to grant the cab industry permission to charge straight fares for group riding during rush hours. This alone would increase the hacker's income and would help solve the question of being underpaid for long trips—those that go into the 4th and 5th zones. Meters are not the only solution to the long trips complaints.

Mr. John Rudder, president of the United Brotherhood of the District of Columbia Taxi Drivers, is not a spokesman for any large group of taxi drivers—as there are about ten drivers in his organization. His statement—"The drivers say they can't make money under the current zone system during the heavy traffic or rush hours, and so many don't operate at those times"—just shows what Mr. Rudder thinks about the fact that heavy traffic will cause the meters to register additional cab fares.

People who are pushing for meters are also for limitations and, of course, Mr. Rudder's Brotherhood is for meters, and not interested in people working for themselves.

The Taxicab Industry Group feels there should be a variance in rates for the longer hauls and will petition the Public Service Commission for an adjustment in the rates in zones 4 and 5 and a realignment of the current zones. We are in accord that the zones and a set rate is a fair and equitable way to determine the cost of a taxi trip. The zone map can prove to any rider—no matter who—that his fare is correct. How can you dispute what the meter registers? How does one dispute the fact that the driver used one route when, in fact, he could or should have used another. One now has redress with the Hack Office, if the driver overcharges—and this fact can be easily ascertained from the zone map which is on display in every cab at all times.

On January 6, 1969, during a hearing before the Public Service Commission, the Federation of Citizens Associations went on record as opposing the installation of meters in the taxicabs of the District of Columbia. I quote from their prepared statement—"We do not favor a meter system. Besides its cost, it offers an opportunity for padding the bill. We recall the classic story of where a passenger wanted to go to the railroad station, which actually was right across the street. The driver dutifully went around a few blocks and then deposited the passenger at the station entrance."

We don't need meters! We don't want meters and limitations! We need only to continue to strive to give the prompt, efficient and courteous service that is desired by the riding public.

The rider on the District of Columbia Appropriation's Bill has been a sure way of maintaining our free enterprise system and not having some individual or several individuals rush through an order requiring meters in all cabs—regardless of the majority sentiment (cab drivers and the riding public). Just as Mr. John Rudder, who represents the brotherhood of approximately ten members has tried to testify that the majority wanted meters.

We hesitate to say that the independent cab system eliminates racial discrimination as far as limiting the number of black permit holders. But, when we pick up the papers and read articles such as the one in the Baltimore Afro-American of August 8, 1970, which revealed that a group of 80 black cab drivers had

petitioned the Public Service Commission to determine whether Baltimore will get 100 new cabs on the streets to fill an ever increasing need to service the working inner-city residents. To date, that request has not been answered. In Baltimore, black people still cannot get cabs because of the monopoly system. In Baltimore, there are only 80 black rental cab drivers out of 1,151 franchises, only three black owners.

The Baltimore situation is answered thus: granting the franchise is dependent upon whether the three-man Commission will find there is a need to service the working inner-city residents' and that present cab service is sufficient. Then the president of the Teamsters Union immediately retaliated by writing—"Our union . . . is very, very disturbed that such a matter should come up for consideration by the Commission. We feel that you know that the city does not need additional permits and that because of severe shortage of drivers that exists at this time, that the issuance of permits to anyone else would merely be trading drivers who are already driving for licensed companies." Another biased statement in that report—"it is up to the Commission to decide when a hearing will be held." The Congress, we feel, is too large and too representative to be as biased as a small two or three member commission which must bow to monopolies. Here again, the black inner-city resident is deprived of taxi service because some drivers refuse to pick them up, and the Commission refuses to issue a franchise to a black group so that this situation can be alleviated. There are meters and limitations in Baltimore—and this petition was filed in August 1970, and, to date, no action.

Meters, limitations, higher fares, less riders, fewer cabs, the District Government would stand to lose—less income, less income tax, less spending money and greater welfare rolls, food stamp users, more people seeking medicaid for lack of funds with which to provide medical care for their families.

The D.C. Transit System is a monopoly, the government is losing tax money and the service to the public is not good. However, the owners of D.C. Transit are saying "We need more money"—so, the people must pay higher fares. If the District had a competitive bus system, service would be better. In contrast to this, our independent taxi drivers are providing a necessary function. We can't afford another monopoly in the nation's capitol.

We urge that the independent status of the taxi industry be maintained and that any proposal to install meters be abandoned. We have a healthy taxi system here in the District, help us to retain that system. The small independent driver does not have the overhead of paying corporate presidents and Boards thousands of dollars in salaries and other expenses. The independent cab driver is not the middle man—he is THE MAN—therefore, taxi fares need not be as high as when there are administrative heads to be paid huge salaries. The last time the Congress investigated the cab industry, it was found that the District of Columbia had the best taxi service in these United States. Congressman Teague of Texas conducted that study in 1957.

On Sunday, December 27, 1970, an article appeared in the Miami, Florida, Herald Newspaper which stated—"The City with the taxicab system most unlike Dade County's is Washington, D.C., said by many travelers to be the city with the best taxicab service in the nation. Cab fares there are cheap and cabs are plentiful. Many people use them to move about the city, finding it more economical and more convenient than driving their own automobiles. Unlike Dade, there is no limit on permits in Washington.

"Rates are by zones, so no meters are needed, they start at 75 cents. The most it would cost to travel diagonally across the District through all zones would be \$3.30. That would cover about 14 miles as the crow flies. A fourteen mile trip in Miami would cost about \$14. Every driver is practically his own individual entrepreneur, said Norman Belt, Chief Engineer for the Washington Public Service Commission." Mr. Belt is also quoted in the article as saying that the taxi-to-population ratio is about 1 to every 75 persons. There are 9,191 cabs licensed in the District including 398 which operate independently of any company or association. Mr. Belt further stated in reply to a query "can a taxi driver in Washington make a decent living? If he devotes himself to his work he can, and many of them do."

Significantly, the article concludes "... restrictions and red tape have put the service at a price few can afford, and because the meter system which starts at 50 cents when you enter a Dade County cab and then goes up 10 cents for each 1/6 mile and 10 cents for each minute while waiting in traffic, on a test drive costs \$2.10 for a 26 block trip." "Rates like this," the article continued,

"explain why the taxicab plays a relatively insignificant role in Dade County's transportation picture. The taxi hasn't been much help in taking the private auto off the crowded highways. Few people ride taxis on routine trips as they do in other cities. It's just too expensive."

As far as meters being used to prove income—drivers are required to use daily manifests to record each job. At any point when the Internal Revenue Service audits a record, if the manifest doesn't reflect an apparent true story of income, the IRS uses its own guidelines to show average income, therefore, it is in the best interest of the cab driver to keep accurate records.

In support of our argument that it is in the best interest of the citizenry of Washington, D.C., that power to control whether meters be installed in our taxicabs be vested in the Congress by way of the Rider attached to our Appropriations Bill rather than a Commission where an individual is liable to wield the power is vividly portrayed in the words of George Avery, former Chairman of the Washington Metropolitan Area Transit Commission and also former Chairman of the Public Service Commission in response to order No. 951 granting the Greyhound Corporation the franchise at the Airports:

"There are several aspects of the acquisition which favor the public interest. The first is the prospect of service improvement. As a part of its commitment to the FAA, Greyhound will provide an airport transport service which will constitute primarily for the convenience of Dulles passengers in addition to the downtown terminal at 12th and K Streets, N.W. Greyhound intends to offer new kinds of services: bus service to the Washington National, new types of group riding and jitney services; radio dispatched taxicabs. It promises higher equipment and maintenance standards and offers detailed plans for meeting those higher standards. The vehicle fleet will be enlarged and vehicles will be replaced more frequently. New maintenance facilities are planned, along with stricter maintenance program. Greyhound contemplates an advertising effort to make the public aware of its improved services in order to induce those now using private transportation to move to and from the airports by public means. We are impressed by Greyhound's plan for improvement of airport transportation service. Its application indicates an awareness of the need for upgrading public transportation facilities to be more competitive with private carriage and an apparent willingness to experiment to that end. Greyhound has available a depth of experience, not only in transportation generally, but specifically in providing airport ground transportation services. It owns companies providing those services at Miami, Florida; Atlanta, Georgia; and Detroit, Michigan. . . . We, therefore, believe that the public stands to realize tangible transportation benefits from the approval of the acquisition under consideration. . . . We believe that the evidence concerning those (financial) factors favors approval of the application. In this connection, the applicant submitted a schedule of projected annual revenues through 1973 for its operations involving both airports, predicting that Greyhound will derive gross revenues of \$54 million over the five-year period, involving an anticipated profit in excess of \$2 million. . . . If the projects prove wrong, the actual situation can be accommodated by adjusting service to actual demand levels or, if necessary, through the rate-making process. In any event, the substantial financial resources of the parent Greyhound Corporation should enable Airport Transport, Inc., to meet and accommodate whatever actual conditions develop."

That franchise was granted to the Greyhound Corporation. However, within two years after the granting of the franchise, Greyhound Corporation was back asking for a rate increase which was granted. *Incidentally, metered cabs are used.*

It is a known fact that the service at the Airport has not improved. Even the Federal Aviation Administration has sent out letters to the various cab companies in the District of Columbia asking for suggestions as to how the service at the Airport can be improved. The Greyhound Corporation set out beautifully the theory of their plans for service to the Airport, for a huge profit and sold their point of view to Mr. Avery. Yet, since June 1969, this monopoly has failed miserably and continues to ban assistance from the other cabs who bring passengers into the airport in carrying passengers from the airport. Do we want to spread this kind of "service?" However, in the words of George Avery as quoted above, "In any event, the substantial financial resources of the parent Greyhound Corporation should enable Airport Transport, Inc., to meet and accommodate whatever actual conditions develop." But, the proof is that the

Greyhound Corporation—with its “substantial financial resources”—did ask for a rate increase shortly after a franchise was granted and has also counter-acted with the service getting worse and worse. In a competitive free enterprise system, this would never happen.

The independent cab system in the District of Columbia can boast about its achievements—thousands of poor and blacks have been educated, have gone on to be lawyers, judges, doctors, sent children to schools and colleges, have made outstanding contributions to the city and country—all from income of hackers. Without this free enterprise system, void of monopoly, these things could not have been accomplished.

Today, there are hundreds of students, both American and foreign, driving cabs here in the District of Columbia in order to finance an education and at the same time provide a much needed service to the public. These college students will become assets to our country as well as to their native countries, where they may go on to be Prime Ministers, Ambassadors, or some national or international figures. We feel we should be able to continue to do this while we will be helping our citizens to stay off welfare rolls themselves and to establish a financial base for the families as well as provide the education which will enable each individual family to take his place in the community. And, as for the foreign students, hopefully, he will go back to his country with a better understanding of the American way of life and a fuller knowledge of how democracy works in these United States.

Finally, the independent cab driver cannot survive if the billion dollar corporations are permitted to evolve into a monopolistic system. Meters and limitations would be the death of the free enterprise system of taxicabs in the District of Columbia. However, in this free enterprise system, the competition is working—there is room for the small businessman as well as the fleet owner—why change this?

We urge you to protect the interest of the small businessman, the independent taxicab driver, who cannot compete in the lobbying in which huge corporations indulge, yet, who is adequately serving the community as well as self and family in the free enterprise system now existing.

An editorial of January 7 and 8, 1972 by Station WTOP “beats the drums for meters” and a monopolistic system. We quote:

“The use of taxi *zones* in the District of Columbia is a ridiculous holdover from the days when Model-T’s were still hauling people. Taxi *meters* are the modern and sensible way to go.

Washington is the only major city in the country which has not gone to the meter system. Why? Because Congress for almost forty years has tucked a little provision into the D.C. appropriation’s bill each time around which prohibits the use of meters. Why a prohibition? The answer to that is obscure, but it’s hardly a coincidence that the zone method gives Congressmen the cheapest possible ride between the Capitol and downtown.

“Zones are undesirable because they’re arbitrary. The price you pay today for a ride in a cab has no relationship whatever to the distance you travel. It’s possible to ride several miles within the same zone and pay the minimum fee of 75 cents. It’s also possible to ride less than a mile through three different zones and pay \$1.45. In all, there are 23 zones to confuse riders. Most people probably have no idea how many zones they’ve passed through. Meters make sure you pay for what you get. That way, it’s fair to cab drivers and passengers alike.

Taxi zones in Washington are obsolete. Senator Daniel Inouye, who has done a generally sterling job as chairman of the D.C. appropriations subcommittee, has pledged to go to bat for the meter system. . . .”

If Zone 1 is so beneficial to the Congressmen, it is of far greater benefit to the citizens of Washington who ride more than the members of the Congress.

We quote from the above editorial—“Meters do make sure you pay for what you get”—however, if a driver takes you the long way—you pay for what you get but not what you need or asked for. This is not fair.

We have proven by way of newspaper reports that the metered system in other cities are not working—so why continue to use those systems as models.

The public is financially involved in the taxicab industry in the District of Columbia. Therefore, we beg you, leave the taxicab industry in the hands of the independent taxicab drivers and maintain the rider on the Appropriation’s Bill to safeguard the industry from the use of meters and a monopolistic takeover.

We do thank you and urge you to save the independent taxicab system in the District of Columbia. Leave the taxicab business to the small businessman to

save the Government and the taxpayers the headaches of subsidizing huge corporate salaries.

We further urge that the rider be retained on the appropriation bill to continue to assure us of a free-enterprise system without meters.

We again ask you to listen to the voice of the majority—the cab drivers and the riding public.

We concur in the sentiments of the preceding ten pages of the Taxicab Industry Group as being opposed to the installation of meters in the taxicabs of Washington, D.C.

JAMES J. JEWELL
(and 48 others).

Mr. REES. Could I interrupt just for a second please? Mr. Ketchum wanted to ask some questions.

Mr. KETCHUM. I have read a great deal about taxi cabs recently and since I have been in Washington and prior to that. I would like to ask this one question. Do you, representing your group feel that this section, these two sections of the bill we are discussing, should be deleted and make it a separate bill so we could have a more thorough hearing on this whole public area? I am speaking in total ignorance of the whole situation and in an attempt to be fair, at least on my part to both sides of this controversy.

Mr. WRIGHT. Yes, sir.

Mr. KETCHUM. I see some fair and unfair things on both sides and experiences I have heard here.

Mr. MATTHEWS. We have not had adequate time to present what we would consider a fair case. We received a telephone call and it wasn't too clear until we got here last week what the purpose was. We do represent drivers in the street and we would like to communicate with our drivers. We haven't had time to do that kind of communication with our drivers. We would like to. We do have a position based on their legislation in the past on this issue. But not on this particular bill.

We did meet today in an executive meeting with the representatives of the various companies and we have a position today on the bill but we have not had a chance to communicate with the drivers in the street on this particular bill although we do know their views on the subject.

Mr. KETCHUM. I wonder if I can ask the same question of P.S.C.? Do you have any objection to having this as a separate bill? In this small amount of time I feel that I could not make a decision in the next ten minutes.

Mr. NEELY. No, we would have no objection whatsoever.

Mr. DIGGS. In the first place, this matter has been a subject of separate legislation as indicated by one of the witnesses. Section 27 and 28 represent pretty much the bill which was introduced by Senator Inouye and that bill never got anywhere, and I can tell the gentlemen that the same rider which has been put annually on their appropriation bill since back in the 1930's is going to be put on this appropriation bill unless something comes out of this Committee directing them to do otherwise. So we will be right back where we started from. If you separate the question of turning over to the local Government the regulation of taxi cabs from the other sections of this bill then in effect, you are saying that no action is going to be taken. It's just as simple as that and let's say the proposition before this Committee is not to consider the merits of the meter system versus any other system.

The proposition before this Committee is whether or not a District Government agency is going to have the authority to properly examine the issue or whether or not it's going to be left dispersed among the civil agencies as indicated by Mr. Schneider I believe who told it better than I can, just how many layers of Government are presently involved in this whole operation.

And all of this testimony and all of the references to the P.S.C. and all the personal remarks that were made are completely irrelevant and not germane to the issue.

The central issue is who is going to regulate the taxi cab industry in this area. Is it going to be regulated by the local Government or is it going to be spread through the Congress, through several other agencies and we all end up with no regulation at all and with the taxi cab service continuing to deteriorate as it has been despite increases in rates and all this. That is the question.

Mr. KETCHUM. Mr. Chairman, I certainly respect the wisdom of experience but however, you've gathered by now I am somewhat of an independent soul and I am here alone representing the minority. I have no objection to separating but I refuse, absolutely refuse, to make a decision based on 10 minutes of testimony on a subject of which I have no knowledge so I would respectfully suggest that this Committee adjourn itself at this time and come back and listen to the documents on this bill. I have no objection to it being a rider on this bill. All I am saying is that I want to make my judgment based on everything that I can possibly gather from that and now I concede my ignorance and I wish to hear more.

Mr. DIGGS. No, I certainly would respect your prerogatives and will support their view. I wanted to put the problem in the proper perspective.

Mr. KETCHUM. I have no objection. I am saying that I want to make my judgment based upon testimony and positive knowledge. I know I can't do it now and I am already almost 15 minutes late for the next appointment and it is extremely unfair for me to try to make a judgment on these people who are the taxi people sitting here. We just can't do that.

Mr. REES. Let me interject. Very frankly, the language in Section 27 does not mandate anything except that the Public Service Commission should do the study and report back in one year. The City Council feels that this should have been the prerogative of the City Council. I do not agree with that. Since we are talking about the people of the District deciding their own fate, I was just wondering if it might be possible to get an agreement on a general amendment to Section 27 to authorize the City Council and the District of Columbia to make a comprehensive study on the regulation and enforcement of laws dealing with taxi cab industry. You might call the taxi cab industry a distressed transportation system, and I assume that the meter question would be looked at because it is a major question.

We could also authorize the City Council to use both the Department of Planning and Management and Public Service Commission to work out such a study and direct them also to talk with representatives of the industry.

Now, that doesn't mandate anything except a study, and in one year this study will come back recommended by the City Council. The City

Council may tie up in one package the recommendations which will then have to come before this Committee and the equivalent Committee of the United States Senate.

Mr. WRIGHT. The taxicab industry has no objection to a study being made concerning the service and how to improve service. We are all in favor of that. Our objection goes right to meters and limitation and this is what we are very strongly against and this is why we have witnesses here today and this is one of the reasons why this should not be and I think if you would hear them you could understand our position. If the Congress is going to study service and how to improve it, we are 100% for it, but we just want no part of meters and limitations and we are prepared to testify.

Mr. REES. No, I think if you look at section 27, you will see we are not talking about limitations. We are talking about a tentative agreement that the Committee might reach concerning a study. We are authorizing the City Council to make the study and to utilize the Public Service Commission, which has a regulation before you, and the Department of Planning and Management. They will make a study like any other legislative body would. I think it would be best for them to make a study instead of this Committee because I don't think members of this Committee can really spend the time to conduct hearings regarding the taxi cab industry.

How does that fit?

Mr. WRIGHT. You are still talking about studying meters and limitation, that doesn't fit with us.

Mr. REES. We are talking about a study that as a necessity is going to discuss meters and limitations. It might be difficult to ask them to make a study and say you are forbidden to look into meters and forbidden to look into limitations. They are supposed to study the taxi cab industry and recommend future direction. This is an administrative setup and we expect them to hear what the cab industry has to say.

Mr. WRIGHT. We feel very strongly once we get into a study you are going to come back and say meters and that's going to put companies out of business and this is what we are objecting to.

Mr. REES. I don't see how in advance you can say they will have a particular recommendation on meters. And I don't see how in any comprehensive study of the taxi cab industry you can exclude looking at all factors.

Mr. WRIGHT. Mr. Chairman, that is to show the uselessness of the utilities involving something that other people get in and our finding is not the solution to it. We say to you that toying with the meter idea and the limitation idea is going to do nothing but compound the problem in the city rather than improving our services. Our image and effort leads directly to our improving services and the meter and the limitations would do nothing for that.

Now, we have to face one issue. America tends toward bigness. You give a few men a chance to toy with an idea and just a few weeks later you will have a conglomerate. It's going to merge, merge, merge.

We know what's going to happen here. You get this idea of a study and the study is going to run right into a great big massive corporate body, monopolistic body telling you and me too where to go about what they want to do when they want to do it, just like Capitol Transit has done. They shared us all around and went right on with the business and left us here with the bag.

We don't see Neely making that mistake. We know better than that before we start. We know these individually owned operations, these cabs are owned by the men, the fathers, the uncles of this community and we know that that is where it wants to stay. The individual that America is built on, small independent businessmen and that's what we have in the study.

Mr. REES. Let me ask you, are you in favor of home rule for the District of Columbia?

Mr. WRIGHT. You bet I am. Yes, sir.

Mr. REES. What would you do with the taxi cab regulation, keep it with the Congress?

Mr. WRIGHT. May I differ with you? The Congress does not regulate the taxi cab. The Congress simply can insert a bit of sanity in one little area where it says don't run around there wasting your money studying about a meter and limitation because you don't need it.

Mr. REES. That's why the District doesn't seem to be getting home rule because everyone wants to whack off a little piece for Congress.

Mr. WRIGHT. No, I don't view that just like that really. But we want to see any study that has to do with helping us as we are striving now to improve our services. We work hard on the deal. We want to improve the service and we know a lot of things here that create problems for us in trying to put into effect a better type of system but certainly it is not the lack of a meter or the lack of limitation. That we know.

Mr. REES. If we just give the City Council the power to make a study and if we are very meticulous in not having the word taxi cab meter in the amendment, would you still be opposed to the study?

Mr. WRIGHT. No indeed. We would be for it 100%. We are against the meters and limitation of taxi cabs. Take the meters out and take out the limitations.

Mr. MATTHEWS. And we can get that service we are looking for, Mr. Chairman, without that meter and without that limitation involved here.

If we have the potential of the men, the desire and the will to do it and we can get it done without that monopolistic element. It symbolizes that. No city has ever had it without it ever coming. It just has come to everybody who ever had it come and no point in our assuming we are so vaunted that it won't come to us if you get involved with it.

Mr. REES. What does Section 26 end up saying? "Notwithstanding any other provision of the law, the Public Service Commission of the District of Columbia is authorized and directed to conduct an investigation and a study for the adequacy of service and regulation of taxi cab industry in the District of Columbia."

Mr. WASHINGTON. What is that section?

Mr. REES. That just states section 27(a). It specifically strikes out the study requiring the installation of meters. It doesn't preclude that. It just isn't stated.

Mr. SCHNEIDER. Mr. Rees, may I address that?

Mr. REES. Yes.

Mr. SCHNEIDER. This limitation on the taxi cab meter has been in the law since the 30's and it has been interpreted administratively as I

understand it, to preclude using any appropriated money to even study the question. Now, if you are going to fuzz it up by taking the very heart of this study out, this is the only authority we need, we can study all the rest of it without permission or authority from Congress. It's specifically the taxi cab meter that we need to be able to study. If you take that out and there is a question of whether we can study the taxi cab meter, we have done nothing. You have taken out an essential ingredient for an intelligent study and so you accomplish nothing and we are back where we are today.

I would say you need that language in there.

Mr. REES. Well, the amendment, I guess it is called the Cannon Amendment, to show you how far back it goes, says that the funds should not even be used to study it.

Mr. SCHNEIDER. That's the way it has been construed based I think largely on a legislative history. I have the language here if you are interested.

It says, "No part of the appropriations contained in this Act shall be used for or in connection with the preparation, issuance, publication or enforcement of any regulation or order of the Public Utilities Commission requiring the installation of meters in taxi cabs or for or in connection with the licensing of any vehicle operated as a taxi cab except for operation in accordance with such system of uniformed zones and rates and regulations applicable thereto as shall have been prescribed by the Public Utilities Commission."

I am not familiar with the legislative history of this as it developed but my understanding is it has been interpreted to mean you cannot spend money to even study the issue.

Mr. REES. This study is so different from promulgating regulations or installation of meters. Studying something is very different than passing a law or ordinance.

It was pointed out to me that if there's any ambiguity there we could give the power to the City Council but to study the situation.

Mr. SCHNEIDER. My point is simply that if you want a study of the taxi meters you should make that clear at least, in the legislative history, no matter what language you come out with here. I think Mr. Wright by trying to delete that language he has deleted that aspect of the study. That is the essence of what we are talking about here, are we going to study that or aren't we?

Mr. WASHINGTON. Simply by changing it to the City Council, the Appropriations Committee can come back and state that no part of the City Council will appropriate money to study taximeters. So it leaves us in the same position that we were before.

Mr. REES. Here it says "with the preparation, issuance, publication or enforcement of any regulation or order." That's just plain English. You are assuming a commission or body is passing a regulation. Now, if you are merely asking a body to study something, the body hasn't passed a regulation.

FROM THE FLOOR. Mr. Chairman, there has been a judicial determination of that fact in the United States District Court that no money can be spent even on a study of the subject and Mr. Schlaifer who spoke here was the plaintiff in that case and the Public Service Commission through its counsel, represented to the court and the court accepted that view that they could not consider Mr. Schlaifer's system or

mileage zone system because of the limitation of the Congress with respect to the appropriation and the court sustained that so there is an adjudication that there can be no study of the subject under the existing rider.

The other thing I would like to say, Your Honor.

Mr. REES. Will the gentleman identify himself?

Mr. BARGE. My name is Henry Barge. I was put out of business by the Public Service Commission through the Metropolitan Area Transit Commission and in their regulating and through their interpretation of their authority and their Congressional mandate.

What I want to say is this, through the 1930's, 1929, I have lived in this town for 67 years, we had taxi service. It was owned by Brown Brothers. They had a monopoly here. The Yellow Cab Company, the Black and White and the Terminal Cab Company and they had deals with the hotels, the Raleigh and the Willard. You could not put another cab of another make, another company's cab on the stands in front of the hotels on public properties and it was determined and it came out in Congressional hearings that the reason that the courts ruled the hotel had control over it and Brown Brothers being a concessionaire of the hotels could keep other cabs off of there was that the judge who decided the case in the Court of Appeals, who happened to be a neighbor of ours was a major stockholder in the Willard and Raleigh Hotels.

Now, we have a situation where the Yellow Cab Company who bought their systems, whose business was sold to the ITT Corporation for a million and a half dollars and which they are not getting anywhere near a fair return because the book value is about one half million dollars. They are trying to get limitation of cabs in the city and they are trying to get meters in the city so they can get their investment back.

Mr. REES. At this point, I am going to cut you off, but not because I love the Yellow Cab Company. I am from Los Angeles and we have the highest cab fares in the industry, I am going to cut you off because I am trying to recognize and reach as many people as we possibly can. As a matter of fact, I think we will regulate it to one and a half minutes. There's a man back there who has raised his hand. Give your name and talk about one and a half minutes.

Mr. LIGATURE. Mr. Chairman, my name is Cass Ligature. I am the Vice-President and general manager of Yellow Cabs Industry, a division of ITT. I want everyone to be aware of the fact that we are also a member of the taxi cab industry group. We met today in executive session to revise and come up with our position before this Committee. Yellow Cab is a company and a division of ITT and is in favor of a study to improve services in the industry. We are not in favor of limitation and we are not in favor of meters.

Thank you.

Mr. REES. May we have your name?

Mr. RUDDER. My name is Cornelius John Rudder and I am President of the Taxi Union here in the District and our business agent is here present to say we are in favor of the study, we are in favor of the meters and we are in favor that Mr. Diggs won't get passed by anymore.

[Statement by Mr. Samuel Watson follows:]

MAY 21, 1973.

Mr. THOMAS M. REES,
*Chairman, Subcommittee on Revenue and Financial Affairs, House District Com-
 mittee, Longworth House Office Building, Washington, D.C.*

DEAR MR. REES: This letter introduces me as a representative of the United Brotherhood of D.C. Taxi drivers.

The Brotherhood endorses Mr. Diggs' proposal. We would like Congress to take an in-depth look at the problem facing the taxi industry: i.e.—companies and the Association Dealers Insurance Company—to find out what influence has been effective in the past and whether this influence has been good or bad. We feel that the drivers and the public are at the bottom of the heap. There are approximately 62 companies and associations in the District and I cannot comprehend what part they play in the operation of the taxicab business. When the time arrives to apply for a fare increase, these same companies and associations sit idly by and wait for some other organization or individual to file; then they try to steal the show as interveners. For example, when the United Brotherhood filed petition for a rate increase in 1971, and introduced a new map (which was drawn and concurred in by the drivers) we placed copies of both on all major company and association bulletin boards as proof of our intent. The Public Service Commission conducted a mini-study involving twenty men and came within the net range of \$3.02 per hour—which they said was more than what had been projected at our last hearing in 1969—thus we were denied. The companies and associations did not lift a finger.

The Brotherhood filed an appeal which arrived a few days after the 30-day period. We were again denied on the basis of tardiness. Again, not one of the companies or organizations spoke up. This cost members thousands of dollars. Currently, D.C. cabs are being underpaid for interstate runs and we want to file a petition with the Washington Area Transit Commission for ten cents more per mile. The Brotherhood estimates that \$20,000 per week is paid to these organizations, yet when something arises that might benefit the members of the organization, signs are placed where drivers congregate (insurance companies, etc.) begging the drivers for money to finance the same case—the dues were paid (such as filing petitions or making studies); dues being used to finance taxi schools so that new drivers can compete with old members.

The Brotherhood feels that for the taxi industry to function properly and so drivers can earn the same amount as other professional drivers, including fringe benefits, there must be absolute control of the companies, associations and drivers. We feel the service is too essential to be entrusted to part-time drivers, that taxicabs are being used as pleasure cars going back and forth to work passing-up passengers. A number of part-timers even stop to see if passengers are going in their direction and shaking their heads if they are not makes a very poor image. Some companies and associations have put part-timers above full-timers even pleading cases for students who are working toward degrees that could care less about the industry, especially after receiving said degrees. Part-time drivers working in the government only hurts himself because as soon as it becomes known that he has a taxi, his raises become far and in-between because his supervisor/s feel that he does not need a raise by the fact that he has a cab. If the driver should protest regarding his raise, the supervisor/s will tell him that he is fortunate to have a job to come to after hacking all night.

The companies should be licensed and their intents and purposes spelled out and all benefits stated in writing. In fact, I will make a list of the things we feel this paper should contain:

1. Freeze all P.S.C. licenses (meters and limitation).
2. A minimum amount of time a cab should work.
3. License companies and associations, give guidelines of operations.
4. All cabs supplied with two-way radios.
5. Assign shifts and records kept of hours worked.
6. Companies and associations should make available all types of insurance such as hospitalization.
7. A six-month public survey taken.
8. A yearly study of taxies—make report to issue or sell.
9. Eliminate all special concessions such as hotels. (this is a form of discrimination).
10. Elect a driver representative in each company or association. (to meet once a month).

11. Eventually eliminate part-time driving.
12. Extend the time of residence from one to three years (since a knowledge of the city is required).

Thank you for your cooperation

Sincerely,

SAMUEL R. WATSON.

Mr. REES. The Yellow Cab Company, I think, in Los Angeles is owned by D. R. Smith, so they are different corporations. The men in the back row here, one minute a piece, then I will propose to adjourn.

Mr. BROWN. My name is James Brown. I work for Least Fast Corporation. I am a cab owner. I hear everybody, everybody say what do you want, what about meters on cabs. We don't need them here. We are the men in business. I am just a little third class businessman. I am a businessman and I don't want my rate taken away from me.

Mr. REES. Mr. Schlaifer.

Mr. SCHLAIFER. I just want to correct Mr. Barge's statement about the case in the court. It happened to deal with an interpretation of what type of system of uniform zones to be used. The question was not resolved and I pointed out that my proposal was a taxi meter as absolutely a zone it is not. The question of studies we had we have been studied to death. I think that they got enough authority now to go ahead and make all the studies you need without those two sections in that bill. We are simply asking them to drop them for the time being. Let the industry get itself together and prepare a good case and I am sure we can do what we all want to do and that is to get good service.

Nobody is arguing about giving you good service and that's what we are trying to do. And the Public Service Commission will do its job, they are holding hearings now, and if we speed up those hearings, we can get better service out immediately. It's the fault of the Public Service Commission. I don't know how you people constantly let them get away with what they are doing. I can understand the layers and layers of Government we are already overburdened with rules and regulations. So let the Public Service Commission do its job and I wish some member of this Committee would question the Public Service Commission when they will finish this hearing so that we can give the type of service we are willing to give to the public.

Mr. REES. Thank you. I want to get a consensus here. Any of you who would like to discuss the consensus step up. Yes?

Mr. SMITH. I am Daniel Smith. I represent the five small companies with less than 300 cabs. I have listened to the testimony of these gentlemen and talk about small businessmen, Mr. Wright represents the largest cab organization in the city of about 1,400 cabs. They are in the insurance business and also Mr. Matthews, I believe represents probably 500 in his organization and Yellow Cab has another 1,000 so they represent about half the taxi cabs in the city of Washington.

They are really not small business. The taxi cab industry is composed of I believe at this time possibly 62 companies and associations. Probably far more than we need in this city and in the way of numbers. I think that the Section 28 of this bill is very important and if you don't limit the number of companies, limit the number of taxi cabs and stabilize the business in the industry itself, then you can formulate some regulations that will provide the service that is needed in the District of Columbia.

We have gone from a full time industry to a part time industry in the past 25-30 years in this city. Back in 1945 we had approximately 4,500 cabs in the city. We were hauling more passengers at that time then we are today. At that time we had 85% of the drivers were full time drivers. This was their livelihood. They depended on this livelihood.

Today we have approximately 85% part time drivers which the Public Service Commission has no regulations over, the Congress has no regulations over.

Without the limitation and the stabilization of the industry, I think this is more of a problem than the meters at this point. First, you have to stabilize the business, you've got to make it worth something so that the individual who owns the license get out and work and provide the service. We are not providing the service simply because we don't have the proper control over the drivers, the companies can't control the drivers, they have no authority from the Public Service Commission to do it. Even the Public Service Commission can't get the information that they desire to formulate regulations pertaining to the cab industry simply because they don't have the authority to get it from the drivers or from the company. So, the limitation factor I think, is very, very important. We are surrounded by areas which are all limited in numbers and we can provide far better service than we have.

Mr. REES. I think since considering Section 28 probably is anticipating some of the regulations that might come out of a study, it would be best not to deal with Section 28 at this time before we have some more information before the Committee.

In discussing this matter with the Committee members, I think we have a consensus where we authorize the Public Service Commission to make a six-month study of the adequacy of service and regulation of the taxi cab industry, and the study shall include the feasibility of meters; the report of the Public Service Commission will be transmitted to the city council and to the mayor; the city council and mayor will have 90 days to consider the report of the Public Service Commission and then the report of the Commission with the further recommendations of the Commissioner and the City Council shall be transmitted to the Congress. This is a Public Service Commission study, number one, number two, consideration by the mayor and the city council, and number three, transmitted to Congress.

There will be nothing in this amendment that will require any new regulations. It wouldn't require meters. It merely asks for study. Is that the general views of what Section 27 will be?

Mr. DIGGS. I so move.

Mr. REES. The amendment will be that on page 13 insert the new language in Section 27, the language that I just read off. We strike all of Section 27, we strike all of Section 28.

In making the motion moved by Mr. Diggs, this will allow the staff to finalize the language. All in favor of the amendment signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The amendment is carried.

All in favor of Section 27 as amended so moved by Congressman Ketchum, Section 27 is amended to be approved and all those in favor signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The Section is approved.

The last section we have is Section 29. This is merely authorizing money to carry out the purposes of the Act we have already approved which is Section 1 through 27. Section 29 would be renumbered to be Section 28.

All in favor of Section 29 moved by Mr. Ketchum to be renumbered Section 28 and be approved signify by saying aye.

[A chorus of aye.]

Mr. REES. Opposed?

[No response.]

Mr. REES. The section is approved

We now have approved Section 13 through Section 28 and will instruct the staff to redraft Sections 13 through 28 with the amendments that were adopted by this Committee and recommended for approval to the Full Committee.

Because of the time element I think that we can include this with the bill that included Section 1 up to Section 13 that was approved last week so we will come up with one bill and we will have Section 1 all the way through Section 28 that will be recommended to the Full Committee and we will introduce this as a clean bill and come up with a new bill. If that is all right with the Committee?

Also, under the rules of the House, the Committee report must have a cost estimate of every section projected over a 5-year period. So I am putting everyone here from the District Government on notice that they give us the cost estimate within the next week so we have it when the bill is up before the Full Committee.

I recognize Mr. Ketchum.

Mr. KETCHUM. Yes, Mr. Chairman, I was asked a moment ago if I would co-sponsor the clean bill but I do want to go on record as saying when the bill comes to the Full Committee, I may have so questions as to Section 18 and the section we just discussed and I would point out to those individuals both from the Public Service Commission and the taxi industry that at the time when the bill does come before the Full Committee, we will have an opportunity to question those amendments, and at that time we will have more time to look at it and I will have more time to acquaint myself with the industry.

Mr. REES. If there is no further business before the Subcommittee, the Subcommittee is adjourned.

[Whereupon, at 5:15 p.m., the committee was adjourned, to be reconvened by the chairman of the subcommittee.]

APPENDIX

[Under authority previously granted, the following statements and communications were ordered printed:]

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
OFFICE OF THE CORPORATION COUNSEL,
Washington, D.C., June 4, 1973.

Hon. CHARLES C. DIGGS,
Chairman, District Committee,
Longworth Building, Washington, D.C.

DEAR MR. CHAIRMAN: In the hearing on May 22, 1973 on H.R. 7634 Mr. Rees requested that the Public Service Commission (PSC) supply an estimate of the size of the appropriation necessary for it to undertake a taxicab study.

It is the belief of the PSC that an appropriation of \$25,000 for this purpose would be adequate. In order to minimize the costs of such a study the PSC plans to make maximum use of its own staff and work in cooperation with the other District governmental bodies involved in the regulation of taxicabs. In addition, the PSC also hopes to obtain the cooperation and assistance of the Washington Metropolitan Transit Authority and the Metropolitan Washington Council of Governments.

The core of the study would be devoted to: (1) a determination of the proper function which taxicab service should perform in the District of Columbia as part of the city's transportation system and, (2) the development of an administrative structure which would insure that the industry performs this function. In the course of such a study an examination would be made of the existing agencies, laws, and regulations of the District of Columbia which are applicable to taxicab regulation; the development of an adequate statistical base regarding the present state of the industry; an examination of the relative feasibility and desirability of alternate fare systems; including meters and the present zone system; an examination of taxicab operations in cities comparable to the District; and the adequacy of existing laws regarding liability insurance coverage for taxicabs.

It should be understood that the PSC will use the \$25,000 as a basis from which to obtain additional matching funds and grants for use in the study. Therefore, it does not represent the full anticipated cost of the proposed study. Understandably a determination of the full cost will have to await the completion of the design and organization of the proposed study. The PSC hopes to have this accomplished in the near future.

Sincerely yours,

LINUS H. DEENY,
Assistant Corporation Counsel, D.C.

[From the New York Times, Jan. 30, 1973]

TAXIOWNERS CITE "FLAG-UP" LOSSES

DRIVERS SAID TO STEAL MORE THAN \$3 MILLION A YEAR

(By Frank J. Priol)

Taxicab drivers are stealing more than \$3-million a year from their employers here, the taxi industry says, and more often than not they are doing it with the compliance of their passengers.

Both the Metropolitan Taxicab Board of Trade, which represents the owners of some 7,000 yellow medallion taxis, and the chairman of the City Taxi Commission, Michael J. Lazar, agree that incidents of "riding with the 'flag up'"—that is, without using the taximeter—have doubled in the last year.

"A lot of people take it lightly," Mr. Lazar said yesterday. "But these guys are embezzling funds from the companies that employ them."

Moreover a passenger's right to liability damages in an accident might be endangered.

Bernard Lerner, executive director of the Taxicab Board of Trade, urged all cab passengers who are coerced into riding without the meter "to get out at the end of the trip and pay nothing." He added: "You're only required to pay what the meter says. If it reads zero, that's all you have to pay."

REGULAR PATTERN REPORTED

Interviews with a number of passengers who take cabs frequently disclosed a regular pattern. Usually the drivers are young and articulate, their offers come late at night, and, for most trips around midtown Manhattan, the most frequently suggested "fee" is \$2. Usually the approach is: "Do you mind if I make this one for myself?"

A woman who lives in the West 70's told of taking a taxi home from Fifth Avenue and 57th Street. When the driver suggested riding with the meter off for \$2, she replied: "Nothing doing. That's a \$1.40 ride at the most."

The woman recalled: "He said to me, 'O.K., but some people are really cheap.'"

Some riders who reject the offer of a flag-up trip report that the drivers become surly. A woman traveling recently from Times Square to 218th Street in Manhattan—normally a \$7 trip with tip—said a driver had refused to turn on his meter.

"I've closed my books for the night, lady," he told her. "I'm not going to open them up again for you." She rode flag up.

PRESSURE TACTICS NOTED

Some drivers announce halfway through a trip that they have "forgotten" to turn on the meter, and that to do so at that point would mean collecting only half of the proper fare. The hope is that the customer will feel obligated to complete the trip with the meter off.

Many cab patrons are unaware that by making a deal with the driver, they may be making it difficult for themselves to press a liability claim in the event of an accident.

"This is a hazy area," one taxi executive said, "but if there is no entry on the driver's trip log for the time you were in the cab, it is certainly going to complicate making any claim."

Under Taxi Commission regulations, a driver caught working with the meter off is fined \$25 for the first offense within a year and \$50 for the second; for the third, his hack license is revoked.

"It's very difficult to catch someone three times within one year," Chairman Lazar said. "Since the regulations were published about a year ago, we've revoked about 30 licenses for driving flag-up."

Mr. Lazar said 10 of these revocations were imposed in the last three weeks.

OWNER AWARENESS INDICATED

Several drivers interviewed said they were sure the fleet owners know that stealing was taking place. "But," said one, a moonlighting college student, "they would rather have the cars out making something than sitting in the garage."

On this point, Arthus Gore, a spokesman for the fleet owners, said: "It's probably true. But any owner who condones that sort of thing is writing his own ticket to bankruptcy. The rest of the business would like him to pick up all the dishonest drivers, if that's the way he prefers to work."

Various devices to insure that the meter is activated for each trip have been tried by the taxi industry. The most famous is the so-called "hot seat," in which the weight of a passenger trips a recording device. In this way the number of riders who enter the car each day is tallied.

But industry sources admit that some drivers know how to deactivate the hot seat, while others simply invite a prospective passenger to sit in the front—unwired—seat. Mr. Gore said the industry was experimenting with newer gadgets to insure that all trips were fully recorded.

THE UNIFORM CIRCULAR ZONE SYSTEM OF TAXICAB FARES, WITH PARTICULAR
REFERENCE TO THE DISTRICT OF COLUMBIA

(By Catherine S. Corry, Economics Division, The Library of Congress,
Legislative Reference Service)

EXISTING AND PROPOSED SYSTEMS

The District of Columbia uses a fixed zone system in computing taxicab fares. Under this system the area is divided into twenty-three zones, arranged in a somewhat circular manner with the downtown zone in the center. This central zone is surrounded by five zones, which in turn surrounded by eight others, with the remaining zones located in the more outlying areas. The fare for a trip increases directly with the number of zones in which the taxicab travels in carrying a passenger to his destination, as well as varying with the number of passengers. This system has been in effect since July 1935, although there have been changes in the zones since that time.

Under the proposed uniform circular zone system the existing zone boundaries would be eliminated. Each taxicab would be furnished with a map showing the principal streets of the District on one side with a more detailed map on the other. In addition, he would have a transparent plastic computer on which are drawn concentric circles with radii of one, two, three, . . . miles in terms of the scale of the smaller map. These circles would form the zone boundaries. To compute the fare, the center of the computer would be placed on the smaller map at the origin of the trip, and the fare would depend on the number of zones in which the taxicab traveled in reaching the destination. If question arose as to the location of the points of origin or destination. References would be made to the larger map, which would show all the streets in the District of Columbia.

Thus, under this proposal the zone structure would be that of concentric circles with the center depending on the origin of the trip. Trips to destinations within a one-mile radius would be charged the fare for one zone, destinations lying from between one to two miles from the origin as the crow flies would be charged for two zones, etc. There would be no fixed zone boundaries. Presumably the fare under this system would also depend on the number of passengers.

BACKGROUND OF THE UNIFORM CIRCULAR ZONE SYSTEM

The uniform circular zone system was originally proposed in April 1956 by Irving Schlaifer, a Washington taxicab driver, to Representative Olin E. Teague, who was chairman of the Public Utilities, Insurance, and Banking subcommittee of the House Committee on the District of Columbia. According to an article appearing in the *Evening Star*, Mr. Teague and members of the Public Utilities Commission felt that the proposal should not be raised at that time during which the question of taxicab meters was under consideration.¹ In June and July 1957 Mr. Teague's subcommittee held hearings on the *Taxicab Industry in the District of Columbia*. There was apparently no reference to the uniform circular zone system in the testimony of Mr. Schlaifer or of other witnesses.

On August 21, 1958, Mr. Schlaifer and E. Erwin Dollar, the chairman and co-chairman of a newly created Uniform Circular Zone System Committee, asked the District of Columbia Public Utilities Commission for a hearing on the circular zone proposal. Informal hearings were held by the Commission on October 1, 1958, and on December 8, 1958. On January 16, 1959, the Public Utilities Commission issued a memorandum opinion (P.U.C. No. 2942/208) denying the proposal, pointing out among other reasons that it "would be too complex and too cumbersome in operation to serve as a satisfactory replacement for the present system of uniform zones."

Despite the fact that Mr. Schlaifer's proposal failed to get the support of the Public Utilities Commission, it has subsequently received the endorsement of the Arkansas Avenue Community Association, the Brookland Citizens Association, the Hillcrest Citizens Association, the Michigan Park Citizens Association, and the Petworth Citizens Association.

¹ Bassett, Grace. "P.U.C. Asked to Study New Taxi Rate Plan," *Evening Star*, August 21, 1958, p. A 23.

Although material has been prepared by the Uniform Circular Zone System Committee in support of their proposal and the Public Utilities Commission memorandum raises several objects to it, there appears to be no literature in the field discussing the circular zone system. There is no indication that any other city has ever tried it, and there appears to have been little discussion of the question in Washington, D.C. As pointed out above, it was not mentioned in the 1957 Congressional hearings; the Washington Board of Trade has not taken any position on this issue. There is virtually no material on which to base a comprehensive analysis of the proposal.

Therefore, an attempt will be made here to analyze the uniform circular zone system in terms of fare structures in the taxicab industry and in other somewhat comparable fields and then to consider some of the arguments favoring and opposing it which have been or might be made.

FARE STRUCTURES

Before considering different types of fare structures, it should be pointed out that the fare or price paid by the consumer of a transportation or communication service is the result of both the rate structure and the rate level. As is readily apparent, these two factors are interrelated, since the level of rates can only be set after a rate structure has been determined. Nevertheless, there is a distinct difference between the two, as can be illustrated by existing taxicab fares in the District of Columbia. Here the rate structure embraces the fixed zone system and the decision to base rates on the number of passengers. The rate levels refer to the actual price which is charged for a one zone ride, a two zone ride, a one zone ride by a group, etc. It should be noted that the rate level can be altered either by raising or lowering the prices for these trips or by changing the size or boundaries of the zones. In analyzing the uniform circular zone system, it is the rate structure and not the rate level which is primarily at issue.

As in industrial markets, the price or fare of transportation and communication service is determined by conditions of demand and supply. The rate structure and the rate level are the mechanisms through which the interplay of the demand, or value of the service, and the supply, which is closely related to the service, and the supply, which is closely related to the cost of the service, determine the final price. Although it is quite obvious that demand and supply conditions determines the level at which fares are set, these factors are also important in determining the fare structure.

In the taxicab industry it would appear that the cost of a trip is most directly related to the distance traveled and to the time consumed. Although in some communities the fare structure is a flat rate, it is the meter and zone systems which are generally used in larger urban areas. The taxicab meter can be related either to time or distance. In some cases it can be set to increase the fare at certain distance intervals, but when the taxicab's speed falls below a minimum it begins operating on the basis of time. Zone systems, both fixed and the proposed circular system, are related to distance with the fare increasing as more zone boundaries are crossed.

The value of service is also evident in taxicab fare structures. Although the availability of substitute means of transportation and the prices charged by these substitutes may have more influence on the fare level, their pricing structure might well influence that of the taxicab industry with which they compete. One element of value of service, ability to pay, seems to be reflected in taxicab fare structures which charge nothing or have a lower rate structure for babies and infants. The extra service charge for calling a cab in the District of Columbia would appear to be related not only to the extra cost of traveling to pick up the passenger but also to the preferential treatment which the passenger receives. The same would seem to be true for group fares. The passenger is generally willing to pay more for being carried directly to his destination than for spending time picking up and taking passengers to theirs and for sharing his cab with strangers. On the other hand, in carrying a group of passengers to one destination, the cost of the trip would be the same as with one passenger, but certainly the value of the service to the group would be greater.

If it is assumed that the proposed circular zone system will retain group riding, the major difference between it and the existing system is the manner in which they relate the fare structure to distance. It should be noted that although meters might bring the time element into the fare structure, Congress has repeatedly refused to permit meters in the District of Columbia, and their use will not be considered in this paper. In appraising the manner in which the two alternatives

treat the distance question, it is helpful to consider the manner in which this question has been solved in other transportation and communication industries.

DISTANCE AS A FACTOR IN THE FARE STRUCTURES OF COMPARABLE INDUSTRIES

It is in the transportation and communication fields that distance is an important cost item and thus is reflected in the rate structures. This can be seen first in the transportation of passengers.

In aviation, passenger fares in general vary proportionately with the distance between origin and destination. There are modifications to this statement since a \$3.00 charge is added to the fare determined by the rate per mile times the mileage and since the fares today are influenced by the historical development of the fare making process. In addition, the class of service and type of plane enter into the fare structure. Thus, the standard fare for domestic flights, exclusive of the additional charge, amounts to about 6 to 6½ cents per passenger mile for first class and to about 4½ cents per passenger mile for coach service.

In the railroad industry, there are also different rates for different classes, e.g. coach and Pullman, but here, too, the rate increases on a mileage basis. In motor bus fares the distance factor is perhaps a little less evident, since other factors such as terrain and competition are also important. However, although fares on motor buses are generally tapered, i.e. the rate per mile decreases for longer trips, the total fare increases with an increase in distance.

The rate structure for freight carriage by railroad is extremely complicated with numerous class rates and commodity rates. The tapering system is generally used, and rates usually do not increase with each mile but rather with groups of miles, known as distance blocks. For instance, the rate may be the same trips of 240 and 244 miles, but it is more for trips of 245 miles, and subsequently increases for each additional five or ten miles. Despite the complexity of the freight rate structures, distance is an important element here and also in motor carrier freight rates.

In all of the industries described above, there is a similarity to the proposed uniform circular zone system of taxicab fares. The nation is not divided into zone in these systems, but rather the origin of the trip is used as the starting point in computing the fare on the basis of mileage. Whether straight mileage or distance blocks, proportional or tapered rates are used, it is the distance between origin and destination which is important. In these cases, however, there is one factor that makes it much easier to apply this principle than it would be for taxicabs. In each instance, the number of origins and destinations although many are limited. In most communities there is only one railroad terminal, one bus terminal, and one airport, which serve as origins and destinations. Thus, it has been possible to develop schedules showing the fares and rates on these established trips. To be sure, railroad freight tariffs are extremely complicated, so that it takes an expert to determine rates. However, the time spent in such calculations is not as important an element here as in the transportation of passengers.

There are, however, other transportation and communication services which bear a greater resemblance to the taxicab industry because, although the number of origins and destinations is somewhat limited, they are so numerous that a fare schedule from the exact origin to the exact destination is not practicable.

One of these industries is the transit industry. Although there are definite stopping points for buses and streetcars, these modes of urban transportation, unlike those for interurban transportation, generally do not use fare schedules based on origin and destination. In many cities, such as Washington, there is one flat fare and no account is taken of the distance traveled. In others, it has been recognized that distance is a factor in transportation costs. To meet this, a zone system is used, and the passenger's fare is dependent on the number of zones in which he rides. In many cities there are only two zones, one comprising the downtown and the other the outlying areas. It is apparent that these transit zone systems are comparable to the existing fixed zone system for taxicabs in the District of Columbia.

Another service in which the computation of distance is important is that of parcel post service. Although, of course, the number of post offices is limited, on June 30, 1959, there were 27,443 of them, hardly a very manageable number. To meet this situation the Post Office Department has divided the country into geographical units. There are approximately 3,600 of these units in the United States and it is from these rather than from the some 27,000 post offices that parcel post rates and rates for second class mail containing advertising are computed.

The structure of rates from these units is quite similar to that under the proposed taxicab system. In addition to local delivery, there are eight zones, the first and second applying to distances up to 150 miles by the shortest practicable mail route, the third for distances from between 150 to 300 miles, the fourth for distances from 300 to 600 miles, etc. The parcel post rate depends on the number of zones lying between the originating and terminating units.

Although there is similarity in structure, postal employees do not use maps and plastic computers in determining the number of zones between the units. Instead they refer to a post office director to determine the unit in which lies the post office to which the parcel is addressed and then find the unit number in a zone key prepared specifically for the originating postal unit. This zone key shows the number of zones between the units. Recently a simpler method of determining the number of zones has been developed and is in use in about fifty of the nation's major cities. Here again there is a different parcel post zone guide for each unit. On the first page is an index by state, which indicates those states in which all the post offices lie in one zone. For other states it is necessary to refer to the other pages on which post offices are listed alphabetically by state. For instance, in the zone guide in use for unit 1071, under Maine it lists those post offices which are in zone 5 and states that all other post offices are in zone 4. This system eliminates the need to look up unit numbers.

The long distance telephone toll rate structure for interstate calls is quite similar to that of the post office although differing somewhat in operation. The distance between origin and destination is again the important factor. In this case the origins and destinations are rate centers, which in general are cities, towns, or villages, although in certain cases cities have more than one rate center and some communities are assigned adjacent rate centers.

Here again a type of zone system is used with the rates increasing by distance blocks. Thus, station-to-station daytime rates for the initial three minutes are 30 cents for long distance calls to rate centers from over 30 to 40 miles away, etc. The distances used are the airline miles between rate centers.

Although schedules of telephone rates to the principal cities have been prepared for ready reference, the computation of rate distances is done as follows. Every rate center is given a horizontal and a vertical coordinate according to its latitude and longitude. The mathematical difference between the horizontal coordinates of the originating and terminating rate centers and the difference between their vertical coordinates are then located on a table which shows the rate.

The rates for sending telegrams are also computed on the basis of number of miles from the origin. Here again there are distance blocks with one rate for 0 to 125 miles, a slightly higher one for 126 to 225 miles, etc., and rates for areas adjacent to large cities are the same as those for points in the city.

SHOULD THE UNIFORM CIRCULAR ZONE SYSTEM BE USED IN THE DISTRICT OF COLUMBIA?

As pointed out above, this paper is concerned with the relative merits of the existing taxicab fare structure in the District of Columbia and of the proposed uniform circular zone system. The following pro and con arguments are based on the assumption that these are the only alternatives being considered.

ARGUMENTS FAVORING THE UNIFORM CIRCULAR ZONE SYSTEM

1. Although distance is recognized as a meaningful standard for fare structures, it is only the uniform circular zone system which actually takes into account the distance between origin and destination. The relationship between the existing fare structure and distance is quite farfetched; it is based instead on the number of arbitrarily drawn zone boundaries crossed during a trip.

2. Quite apart from the merits of dividing the city into zones, the zones under the existing system, are of all different sizes in area. On the other hand, the proposed system has the advantage of uniformity. The rate increases will occur at uniform distance intervals, regardless of the origin of the trip.

3. The proposed system is more equitable, both for the driver and the passenger. Under the fixed zone system the driver is often paid more for a short than for a long trip; here his payment will be related to his costs. Furthermore, there will no longer exist the discrimination against a passenger who lives just beyond a zone boundary and must pay a two zone fare for short trips beyond the zone line. Although it might be argued that the passenger can walk several blocks to

the other zone before hailing or after leaving the cab, this is impracticable when the passenger takes a cab to save time, because of inclement weather, or because it is after dark.

4. The fact that the uniform circular zone system embodies distance blocks is no disadvantage over the present system, whose zones are in effect irregular distance blocks. It is obvious that there must be some interval at which fares are increased whether it be one, two, or a fraction of a mile. In rail freight transportation, telegraph, telephone, and parcel post service, these intervals are generally much more than a mile. Even on the smaller scale of taxicab operations one mile is a fairly small interval; if conditions warranted, however, this system could be based on much smaller zones.

5. The use of distance from origin to destination as the basis for computing fares has many precedents in the transportation and communication fields. Railroad, motor carrier, bus, and parcel post transportation prices are based on this concept of distance as are long distance telegraph and telephone rates. The experience in these areas shows that this type of system is not only ideal, but also workable.

6. It is simple to determine distance from origin to destination by use of the computer. By placing the computer on the map, it will be quite clear to both driver and passenger how many zones have been crossed. If any questions should arise, they can be quickly answered by referring to the larger map.

7. Determining taxicab fares under the uniform circular zones system will not be time consuming. When a passenger telephones for a taxicab the dispatcher will tell him the number of zones in the trip, the maps and zone computers in homes and offices will permit other passengers to determine the fare before entering a cab. In many other cases the passenger will remember the number of zones on trips he makes often, and taxicab drivers will come to know fares on many common trips as a result of their experience under this system. Even where it is necessary to use the computer, this operation can be completed quickly while the driver waits at a red light or stops because of traffic congestion. In the limited cases where the larger map must be consulted, only a brief amount of time will be involved.

8. According to the Uniform Circular Zone System Committee, use of this system will result in an increase in cab driver income. On the other hand, for 60 percent of the passengers the fare will not be increased and for 2 percent it will be lower. Thus, introduction of this system should not decrease the demand for taxicab service.

9. This proposed system has already received the support of a number of citizens' associations.

ARGUMENTS OPPOSING THE UNIFORM CIRCULAR ZONE SYSTEM

1. As pointed out by the Public Utilities Commission with respect to the prohibition of taxicab meters: "It appears to the Commission that any mileage rate, such as that contained in the proposal, would violate the intent and spirit of the statute, if not its exact language."

2. It is argued that the merit of the proposed system lies in its use of distance between origin and destination. However, the distance measured is airline distance, not the distance actually traveled by the taxicab. Furthermore since, as an example, fares will jump between 2.9 miles and just over 3.0 miles and not between 2.1 and 2.9 miles, the proposed system will also contain inequities.

3. Although there are precedents in other fields for the measurement of distance from origin to destination, these precedents are not relevant to this situation for numerous reasons. In the first place, since there are in most cases a limited number of origins and destinations, it has been possible to make up rate schedules, which show at a glance the rate between two locales. In other cases where there are a larger number of originating and terminating point use has been made of geographical units, by the post office, or rate centers, by the telephone industry. This has reduced the complexity of the rate schedule by cutting down on the number of origins and destinations. On the other hand, persons can hail taxis at just about any point on the District's street system and each of these points is a separate origin. Likewise there are a countless number of taxi trip destinations, and rate schedules are impracticable.

Even where there are no rate schedules between points, the methods of computing rates in other industries are much simpler and quicker than under this system. In the post office it takes only a moment with the new booklets to find the name of the destination, and the older method does not require the use of

a map and computer. Although the computation for telephone rates is a bit more complicated, there are many cases in which rate schedules make it unnecessary and the time element in computing telephone bills is not so important. Furthermore, the persons making these computations are generally concerned with the rates from one origin to many destinations, not from many origins to many destinations.

4. The uniform circular zone system is apparently completely new and untried. Is it wise to choose a city as large as Washington to carry out this experiment? Think of the time and expense involved in training new drivers and outfitting each cab with computer and map.

5. The system is too difficult to understand. One important source of demand for taxicabs in the District of Columbia is the tourist, who is not familiar with bus routes. It is unrealistic to expect the tourist to figure out this taxicab fare structure with its map and computer. Likewise, it will take longer for the new taxicab driver to familiarize himself with this system. In addition, since computations on the smaller map are at best approximations, there are likely to be arguments between passenger and driver.

6. The system is too time consuming. Computations with the map and computer take time, and if it is necessary to refer to the detailed map, which would have to be very large, additional time is lost. Furthermore, it would be extremely complicated and time consuming for use with group riding. If four passengers are picked up at different origins, it is necessary to make a separate measurement for each of them. Since group riding is especially prevalent during rush hours, these computations would undoubtedly tie up traffic.

7. It is unlikely that many fares would be remembered by the passengers or drivers. Unlike the present system there are no fixed boundaries which are easy to remember in computing the number of zones. Instead there are many combinations of origins and destinations, and a driver would only be able to remember the fare for a small number of them.

8. The effect of the proposed fare structure on taxicab riding is questionable. Because of a probable increase of fares for longer trips, this system might cause more taxicabs to be concentrated in the downtown region.

9. This proposal has received the consideration of the District of Columbia Public Utilities Commission and been denied.

Footnote by Irving Schlaifer :

In a letter addressed to Irving Schlaifer on March 26, 1958, Mr. Kenneth M. Hoover, Project Director, Mass Transportation Survey, National Capital Planning Commission, Washington, D.C., had this to say about the Uniform Circular Zone System, "This is a unique idea and I have no doubt could be employed for the purpose intended."

On August 30, 1958, the *Washington Afro-American* gave it editorial support and on January 9, 1959, the *Washington Post* and *Times Herald* gave it editorial support.

Endorsed by the following Citizens Associations :

Petworth—11-17-59
Brookland—12-14-59
Hillcrest—1-12-60
Michigan Park—3-7-60

Arkansas Avenue—3-14-60
Four Avenues Southeast—3-28-60
West End—4-11-60

Explained to the following Citizens Associations :

Northeast Council—12-3-59
Takoma Park—12-7-59
American University Park—1-4-60
Federation of Southeast—1-5-60

Glover Park—1-11-60
Northwest Council—2-29-60
Chillum Heights—3-21-60

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., October 14, 1959.

To: Honorable Alan Bible, Chairman, Senate District Committee.

From: American Law Division.

Subject: History of provision restricting the District of Columbia Public Utilities Commission from issuing orders requiring meters in taxicabs.

This is in response to your telephone request of October 9, for a legislative history of the rider in the District of Columbia Appropriations Act of 1934, and in each such Act since, pertaining to the taxicab industry in the District.

The District of Columbia Appropriation Act for the fiscal year 1933 was the first to carry this rider. It read :

"No part of the appropriations contained in this Act shall be used for or in connection with the preparation, issuance, publication, or enforcement of any regulation or order of the Public Utilities Commission requiring the installation

of meters in taxicabs: *Provided*, That this prohibition shall not be construed to affect any order or part of an order of said Public Utilities Commission other than with respect to the requirement of the installation of such meters." [Approved June 29, 1932, 47 Stat. 345 (H.R. 11361, 72d Congress).]

The rider was repeated in the Act for the fiscal year 1934 with the additional clause "until such regulation or order shall have been approved by Congress." With such added clause the rider read:

"No part of the appropriations contained in this Act shall be used for or in connection with the preparation, issuance, publication, or enforcement of any regulation or order of the Public Utilities Commission requiring the installation of meters in taxicabs until such regulation or order shall have been approved by Congress: *Provided*, That this prohibition shall not be construed to affect any order or part of an order of such Public Utilities Commission other than with respect to the requirement of the installation of such meters. [Approved June 16, 1933, 48 Stat. 224 (H.R. 4589, 73d Congress).]"

This same language was carried again in the fiscal 1935 Act, but the next year Congress enacted the rider with some different language. Thus for fiscal 1936, and the ten fiscal years following, the rider read:

"No part of the appropriations contained in this Act shall be used for or in connection with the preparation, issuance, publication, or enforcement of any regulation or order of the Public Utilities Commission requiring the installation of meters in taxicabs, or for or in connection with the licensing of any vehicle to be operated as a taxicab except for operation in accordance with such system of uniform zones and rates and regulations applicable thereto as shall have been prescribed by the Public Utilities Commission. [Approved June 14, 1935, 49 Stat. 343 (H.R. 3973, 74th Cong.).]"

A further proviso was added by Congress in 1946, so that the rider for fiscal year 1947 (and for each fiscal year through 1951), read:

"... *Provided*, That no appropriation in this Act shall be used for or in connection with the preparation, issuance, publication, or enforcement of any regulation or order of the Public Utilities Commission requiring the installation of meters in taxicabs, or for or in connection with the licensing of any vehicle to be operated as a taxicab except for operation in accordance with such system of uniform zones and rates and regulations applicable thereto as shall have been prescribed by the Public Utilities Commission: *Provided, further*, That the foregoing provision shall not be construed to prevent the Public Utilities Commission from holding a hearing upon any application that may be made for the installation of meters in taxicabs. [Approved July 9, 1946, 60 Stat. 504 (H.R. 5990, 79th Congress).]"

Finally, in 1951 (i.e., for fiscal year 1952) Congress enacted the rider in substantially the same form as that which appeared in the Acts for fiscal years 1936 through 1946. This form has been repeated in each such Act to date:

"Appropriations in this Act shall not be used for or in connection with the preparation, issuance, publication, or enforcement of any regulation or order of the Public Utilities Commission requiring the installation of meters in taxicabs, or for or in connection with the licensing of any vehicle to be operated as a taxicab except for operation in accordance with such system of uniform zones and rates and regulations applicable thereto as shall have been prescribed by the Public Utilities Commission. [Approved August 3, 1951, 65 Stat. 172 (H.R. 4329, 82d Congress).]"

In the original Act (i.e., for fiscal year 1933) the rider was not included in the bill as reported by the House Appropriations Committee, but was offered as an amendment on the floor by Representative Clarence Cannon (*see* Congressional Record, vol. 75, p. 8268). Mr. Cannon pointed out that the purpose of the amendment was to "prevent a large number of taxicab drivers from being driven out of the only profession they can follow at this time;" and Representative Stafford of Wisconsin declared every Member was in sympathy with it, else a point of order would have been made against it. The amendment was agreed to by the House and the bill went to the Senate. According to a statement made by Representative Blanton (*see* Cong. Rec., vol. 11 p. 1229), the Senate at first struck it out and then reconsidered it on the floor and included it with an amendment to limit its application to orders or regulations having to do with installation of meters in taxicabs, and not to other orders of the Commission. The House agreed. In the hearings held by the Senate on H.R. 11361, statements relating to this rider were made by Representative Harlan of Ohio, and by Gen. Mason N. Patrick, Chairman of the Public Utilities Commission. [A copy of the hearings, with markers at these statements, is forwarded herewith.]

In the fiscal 1934 Act the provision was included in the bill (H.R. 4589) as reported by the House Committee on Appropriations. Upon the reading of the bill on the floor, an amendment was proposed to strike out the provision, on the ground of its being legislation attached to an appropriation bill and therefore subject to a point of order. However, after some explanatory statements were made concerning the provision, the amendment to strike was rejected (*see Cong. Rec.*, vol. 77, pp. 1228-1229; a verifaxed copy of these pages is attached herewith). No reference has been found to any printed hearings on H.R. 4589.

The next change (for fiscal 1936), was included in the bill (H.R. 3973) as reported from the House Appropriations Committee, and appears to have passed both Houses without debate. However, a statement concerning the change was made by Mr. Richmond Keech, a member of the Public Utilities Commission, during hearings on the bill in the Senate. A copy of these hearings, appropriately marked, is forwarded herewith.

In the Act for fiscal year 1947, the additional proviso was recommended in the Senate Committee (*see Senate Report No. 1466, 79th Congress*); was agreed to on the Senate floor without debate (*see Cong. Rec.*, vol. 92, p. 6997); and agreed to by the House Conferees (*see Cong. Rec.*, vol. 92, p. 7725). In the hearings before the Senate Committee on Appropriations, Senator O'Mahoney suggested the additional proviso after the Chairman of the Washington Taxicab Advisory Committee requested that the rider be deleted from the bill. [We enclose a verifax copy of the pertinent pages in the Senate hearings.]

When the language of the rider was changed in 1951 it was included in the bill, as reported by the House Committee. No reference to it has been found in either the hearings held before both the House and the Senate, or the debates in Congress during passage of the bill.

MARGARET FENNELL,
Legal Analyst.

OCTOBER 14, 1959.

[*See Cong. Rec.*, vol. 77, p. 1228-1229, April 4, 1933]

The Clerk read as follows:

No part of the appropriations contained in this act shall be used for or in connection with the preparation, issuance, publication, or enforcement of any regulation or order of the Public Utilities Commission requiring the installation of meters in taxicabs until such regulation or order shall have been approved by Congress: *Provided*, That this prohibition shall not be construed to affect any order or part of an order of such Public Utilities Commission other than with respect to the requirement of the installation of meters.

Mr. HARLAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, strike out everything beginning with line 21, up to and including line 4 on page 7.

Mr. HARLAN. Mr. Chairman, this provision that I ask to be stricken out of the bill to my mind is manifestly legislation. It has been in the last three bills, and the point of order has been raised against it, but technically it has been able to evade the point of order and so is retained in the bill.

However, when the bill was before the Senate the last time, the Senate committee, after the hearings, struck out this provision of the bill. If there is anything to clinch the argument against this provision, the experience we had in the Capital during inauguration seems to me to be that clinching argument.

Mr. BLANTON. Let me say to the gentlemen that this provision was agreed to in conference.

Mr. HARLAN. Yes; but it was stricken out in the Senate.

Mr. BLANTON. Oh, no; here is the clerk of the conference committee, and he will tell you that it was agreed to in conference.

Mr. CANNON of Missouri. It was included in the House bill, but it was not included in the Senate bill. The Senate conferees receded and it remained in the bill.

Mr. HARLAN. That is my statement, and that was the statement I first made.

Mr. BLANTON. Here is what happened: The Senate first struck out this provision of the House bill; then it reversed its action, and amended the House provision and passed it. In conference the House conferees accepted the Senate amendment, and this provision is just the one agreed to in conference.

Mr. HARLAN. There are now about 5,000 taxicabs roaming on the streets of the District of Columbia, with over one third of their time not used in hauling fares. The Utility Commission passed an ordinance requiring them to have meters. These metered cabs would charge 25 cents for the first 2 miles, and 10 cents a mile after that, the idea being to do away with this absurd, silly zoning system that we have in this District. It is not a law, but it is just an agreement between the taxicab drivers and the companies. There is no way of enforcing it. We simply have anarchy in the District so far as taxicabs are concerned.

The Commission passed an ordinance that would make order out of chaos in this thing. The ordinance was attacked in the court, and the court sustained the ordinance, not only on the legal side, but as to the basic factual reasons therefor, and here we come in with a restriction such as is included in this bill and hamstringing the Commission in enforcing the ordinance. It was suggested at the last session that they wanted this provision because they did not want our people profiteered upon during the inauguration. There was not a 20-cent cab in the business that I saw that did not take down its 20-cent sign during the inauguration, and that did not exploit everybody who came into this District. One constituent of mine paid \$12.50 to ride down to Mount Vernon and back during the inauguration, and day after day there was no restriction, no control over them and the people coming in here not knowing this zoning system, this purely arbitrary arrangement between the taxicab companies, got into disputes and fights and all kinds of disturbances. The number of accidents that happen in the streets from these drivers working 14 and 16 and 18 hours a day to eke out a living on this 20-cent fare is a disgrace to this Capital—just to save 5 or possibly 10 cents on a taxicab fare. It seems to me that we have gone far enough in that. I wish I had the time to read some excerpts from the hearing before the Senate committee. The taxicab drivers do not want this, and when this was before the Court, the Court said it was nothing but a method of exploiting labor and that is all it is.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment. I want the chairman of the committee and the clerk of the committee to listen to what I have to say. Here is what happened: We put this amendment to prevent meters in the House bill. The bill went to the Senate. At first the Senate struck it out. Then the Senate reconsidered it on the floor and amended it in certain particulars and put it back in the bill, and in conference we agreed to the Senate amendment.

Mr. CANNON of Missouri. Mr. Chairman, that is correct. I had in mind another amendment when I made the statement in response to the inquiry from the gentleman from Ohio. This proposition was reconsidered on the floor of the Senate and agreed to in the form in which it appears in this bill, and was so approved by the managers on the part of the two Houses in conference. The gentleman from Texas is correct.

Mr. BLANTON. And this is the very proposition that was carried that was agreed to on the Senate floor first, and then in conference.

Mr. CANNON of Missouri. Precisely.

Mr. BLANTON. I will tell you the reason for it. When General Patrick, the chairman of the Utilities Commission, was before our committee, we said, "Now, General, when Congress adjourns, if we do not put this provision back into this bill to stop you from installing meters, will you tote fair with Congress and not install meters while we have gone home?" He said no; that he was going to install them. Then I said to him, "Then, General Patrick, if we want to stop you from installing meters, it will be necessary to put such a provision in the bill." He replied that we would have to stop him by such a provision. Then the committee decided they would stop him, as they were not going to let him put 1,500 ex-service men driving taxicabs here out of business.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HARLAN. Are there any of those 1,500 ex-servicemen who want this ordinance defeated, and if so, where have they testified and said so?

Mr. BLANTON. They have testified many times before us in our offices when we were investigating the matter and have written us hundreds of letters. I have been so told by several hundred of them myself when I would stop them on the street. I made it my business day after day when Congress was not in session to stop them on the street and ask, "Are you an ex-serviceman?" "Yes" "Did you serve in France?" "Yes" "Are you satisfied with the present arrangement?" "Yes" And they would say; "I do not want you to let them put meters on, because they will

run me out of business." Some said, "I stayed here in Washington 2 or 5 years without making a dollar, and now I am driving a taxi and making \$4 or \$5 or \$6", and some said \$7 a day.

Mr. CANNON of Missouri. And the members of the committee are in receipt of many letters from individual drivers to that effect.

Mr. BLANTON. Yes; I have a number of them in my office. They say, "Do not let them put meters in, it is the big companies, the monopolies, who are trying to run us out." The speech that my friend from Ohio (Mr. Harlan) made a while ago is almost word for word what was contained in the page advertisements that these monopolies had in the Washington newspapers not long ago. How on earth can a poor devil who cannot make a living pay for a full-page advertisement in the Washington Herald or the Washington Times or the Washington Post or the Star or the News? They had a full-page ad in these papers about this very provision that you have in here to protect these ex-servicemen of this District.

They have a right to make a living here in Washington. If you did not put in this provision, you would see a taxicab regulation here to require meters. That would run 1,500 ex-servicemen out of business. Then you would see the rates go up. They would put in meters, and you would get in an automobile and ride down to the Washington Hotel and, instead of paying 20 cents, they would charge you a dollar, or you would ride out to the Roosevelt Hotel and they would charge you \$1.50. You would say, "You ought to charge me only 25 cents." The taxi driver would reply: "Pay me." Are you going to stand there and argue with a taxicab driver? No. You will pay what he charges. You have to dig up the money and pay it. We do not want a condition here that will rob our visiting constituents and the people of Washington every day.

Go down to these departments, call the employees into the assembly room, and ask them whether they want this 20-cent taxicab fare to continue. One hundred percent they will tell you they do. You have a lawyer here known as the "people's counsel" paid for by Congress, paid a big salary to represent the interests of the people of Washington. That lawyer has appeared before our committees. He has appeared before the Commissioners time and again, representing the people of this District, saying, "We do not want this provision changed." I hope you will leave it in the bill. (Applause)

The CHAIRMAN. The time of the gentleman from Texas (Mr. Blanton) has expired.

The question is on the amendment offered by the gentleman from Ohio (Mr. Harlan).

The question was taken; and on a division (demanded by Mr. Blanton) there were—ayes 2, noes 62.

So the amendment was rejected.

MAY 9, 1973.

Hon. CHARLES DIGGS, Jr.

*Chairman, Committee on the District of Columbia,
Longworth House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: In the Wednesday, May 9, 1973 edition of The Washington Post on Page B-4, an article by Judy Luce Mann, points up the frustration that all of us are having with the obsolete taxi zone system now in use, be we cab drivers or cab passengers. This obsolete taxi zone system has been frustrating every one for almost 40 years.

I am the original Party Petitioner in Formal Case No. 577, now, before the D.C. Public Service Commission. I have proposed an entirely new taxi zone system, the Mileage Rate Zone System to replace the obsolete taxi zone system now in use, and, an entirely new taxi rate package to go with it.

The enclosed items will explain in greater detail where I stand. I want to call your attention to the "Supplemental Memorandum Of Party Petitioner To Formal Case No. 577 To Taxi Rate Case Hearing Held On Tuesday, February 20, 1973." On Page 4, Paragraph 5, I state as follows:

"The Party Petitioner objects very strongly to the giving of a blank check to the intervenors represented by Charles Jay Pilzer, attorney, and letting them fill in whatever amount they choose to make it, in this case the 15 percent interim rate increase. THEY WANT THE P.S.C. TO GIVE THEM MORE MONEY FOR DOING THE SAME LOUSY JOB. They are in absolutely no position to guarantee to the P.S.C. that service to the public will dramatically improve, once the rate increases are approved. They have no control over the working habits of

their affiliated drivers. All that they can do, is to cross their fingers and hope for the best. Instead of rewarding them for doing a lousy job, they should be fired, or, put out of business."

I agree with you 100 percent that something should be done immediately about the intolerable problem of poor taxi service in D.C. There is no reason why you or anyone else should have to stand on a street corner trying desperately to get a cab to stop to pick you up. There is no excuse for 27 cabs to pass you by in a half an hour, and, not one of them stopping to pick you up and take you to your destination. You should not have to get one of the Capitol police to commandeer a cab for you, so that you could keep an important appointment and be there on time.

Chairman Diggs, we can understand your determination to do something about improving the quality of taxi service in D.C. Taximeters are not the answer. We urgently request that you introduce a Bill permitting the immediate use of the Mileage Rate Zone System. Such a Bill would not be in conflict with the Congressional requirement that a System of Uniform Zones be used to compute taxi rates, and, that there shall be a ban on taximeters. The P.S.C. has known about the Mileage Rate Zone System ever since 1958 but has deliberately dragged its feet on ever adopting it, in the hopes of getting taximeters to replace the obsolete taxi zone system now in use.

I have been a licensed cab driver in D.C. since 1945. In these 28 years I have been very active in the taxicab industry problems. Many of my proposals have been adopted over the years. I trust that you and our staff will be favorably impressed after reading the enclosed items. I want to make my experience and knowledge in the taxicab industry available to you and your staff. Let me hear from you as soon as possible.

Respectfully yours,

IRVING SCHLAIFER,

Chairman, Emergency Taxicab Committee.

ATTACHMENT A

DRAFT LANGUAGE FOR H.R. 7634 (New Language Italic)

TAXICAB STUDY

SEC. 27(a). Notwithstanding any other provision of law, the Public Service Commission of the District of Columbia is authorized and directed to conduct an investigation and a study of the adequacy of service of the taxicab industry in the District of Columbia. The study shall include allowing the installation of meters in taxicabs in the District of Columbia, and limiting or controlling the number of drivers or taxicabs within the District of Columbia.

(b) Within one year following the date of the enactment of this Act, the Public Service Commission shall report to the Congress the results of such investigation and study, including its findings and recommendations.

(c) Within 30 days following completion of the Public Service Commission study, the District of Columbia Council shall report to the Congress its position on the findings and recommendations of the Public Service Commission.

ATTACHMENT B

QUESTIONS ON TAXICAB LEGISLATION

A. Questions to Mr. Schneider and Mr. Neely:

1. What authority does the City and the Public Service Commission already have to study taxicab service? Does the PSC already have sufficient authority to study a Mileage Rate Zone system as has been proposed?

2. Why doesn't Mr. Neely's testimony address Section 28 of the bill? In what manner does the PSC already regulate the licensing of taxicabs?

3. How many agencies are involved in the regulation of taxicabs in the District? What functions do they currently perform? Where, in your judgment, should control over the following items be placed?: (a) the fares of taxicabs;

(b) the number of taxicabs; (c) issuing regulations over taxicabs.

4. How can we centralize authority over taxicabs and make that agency responsive to the public, the drivers, and the companies?

5. What position has the City taken on the recommendation of the Nelsen Commission that the Public Service Commission be made a regulatory agency of the District Government?

B. Questions of taxicab owners-drivers and industry representatives:

1. What are the major shortcomings in the present government arrangements affecting the taxi industry? How can such arrangements be improved to make them more responsive to the public, the drivers, and cab companies?

2. Where, in your judgment, should control over the following items be placed?: (a) the fares of taxicabs; (b) the number of taxicabs; (c) issuing regulations over taxicabs.

3. Should the number of cabs or drivers be limited?

4. What criteria should be used in granting taxicab licenses which will improve service and help the taxidriver make a decent living?

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
September 26, 1973.

To: Judy Rogers, Legislative Program Coordinator.

From: Joseph P. Yeldell, Director.

Subject: Stipends to patients.

Several patients at Glenn Dale Hospital and the Rehabilitation Center for Alcoholics (RCA) receive stipends for services performed in relation to the rehabilitation process. The stipends serve as a patient incentive toward rehabilitation and a return to the community.

Patients at RCA receive an incentive of \$.35 per hour on a four hour a day basis for work performed under the Industrial Therapy Program. The incentive is not given during the first month as the patient must first demonstrate a genuine interest in his own rehabilitation. Under the Industrial Therapy Program patients perform such services as carpentry, grounds work, and auto repair. Payment for these services is made directly by the employer to the Patient Benefit Fund. All money in this fund, as the name implies, is expended for the benefit of the patients. Use of the funds is determined by a board which receives recommendations from the patients. Funds have been used for such purposes as recreation program, movies, and special food supplements.

Patients at Glenn Dale, similarly, receive \$.50 per hour for services performed at the hospital. In both cases the stipend is not intended as a wage payment, but as a patient incentive for rehabilitation. The stipend represents a form of work therapy rather than exploitation.

EXCERPTS FROM FORMAL CASE No. 577

IN THE MATTER OF:

Petition of Irving Schlaifer for Investigation of the Rules and Regulations Pertaining to Rates and Charges for the Operation of Taxicabs in the District of Columbia.

On January 30, 1973, the P.S.C. issued a Notice of Hearing, to be held on Tuesday, February 20, 1973, at 10:00 A.M. in Room 314, Cafritz Building, 1625 Eye Street, N.W., Washington, D.C. 20005. All of this, within four days of the filing on January 26, 1973, the Petition for Interim Relief by Charles Jay Pilzer, attorney. It is also interesting to note that on Monday, January 29, 1973, a meeting was held at the Commission's office at 10:00 A.M. for approximately

ninety minutes with the Charles Jay Pilzer, attorney, his intervenors, members of the P.S.C. staff, a member of the Hack Inspector's Office and the Petition for Interim Relief. Since all of this is directly related to this rate case, this is absolutely no justification for not asking the Party Petitioner to be present at this meeting. The Party Petitioner is quite certain that the Members of Congress will be interested in learning of the high-handed ways in which the P.S.C. conducts its business.

It would appear that the P.S.C. did not want to give Party Petitioner or the other intervenors the opportunity to oppose the Petition for Interim Relief filed January 26, 1973 by Charles Jay Pilzer, attorney. In spite of this "hurry up" on the part of the P.S.C. the Party Petitioner did file, within ten working days, on Thursday, February 8, 1973, a motion in opposition to the Petition for Interim Relief. For reasons unknown to the Party Petitioner, the P.S.C. did not notify any of the interested Parties, in writing, that it had received a motion in opposition to the Petition for Interim Relief.

The P.S.C. has consistently confused everyone with its constantly changing of its orders. At the November 2, 1972 prehearing conference the P.S.C. made it crystal clear that it would not consider any recommendations that would use "shortcuts" to speed up the granting of rates increases. The P.S.C. at this hearing insisted that this rate case follow an orderly procedure. The Party Petitioner agreed whole heartedly with this procedure.

The P.S.C. in its Order No. 5559, dated, January 11, 1973, once more insisted that this rate case follow an orderly procedure. However, on January 30, 1973, the P.S.C. issued a notice of a hearing to be held February 20, 1973 to consider a Petition for Interim Relief filed on January 26, 1973, in behalf of those represented by Charles Jay Pilzer, attorney. The P.S.C. has leapfrogged all over the place to do everything it possibly can, to accommodate those represented by Charles Jay Pilzer, attorney.

Now we come to the heart of the Petition for Interim Relief, the granting of an immediate interim increase of 15 percent in general rates, rounded. The Party Petitioner has interpreted this 15 percent rate increase as applying to all of the rates that we use, be it, for suitcases, personal service, hourly rates, etc., and so stated it at the hearing held Tuesday, February 20, 1973. Charles Jay Pilzer, attorney, then immediately insisted that only three issues were involved, one, increase the charge for answering a telephone call from 25 to 50 cents; two, redefining the application of rates for group riding, and three, increasing the zone rates by 15 percent, rounded, at this time. (There will, of course, be a demand for another 15 percent increase on the zone rates in the future hearings of this same case).

This is but an end run around the Party Petitioner's proposal to have the obsolete taxi zone system now in use, replaced with Mileage Rate Zone System. It is an attempt to knock the Party Petitioner out of the "ball game" by having the first zone rate for a single passenger go from 75 cents up to 85 cents. The Party Petitioner wants the first zone rate for a single passenger go from 75 cents down to 70 cents.

The P.S.C. must agree with the Party Petitioner that taxi rates must not go out-of-sight and, thereby, causing the Taxi Industry to lose even more of its cab passengers. The Party Petitioner must object to any rate increase in zone rates at this time. The fact that the cost of operations has gone up since the '68-'69 taxi rate hearings, does not necessarily mean that the net take home pay has gone down it could have just as easily gone up. Charles Jay Pilzer, attorney, has only attempted to show, at this hearing held February 20, 1973, that the operating costs have gone up. The Party Petitioner has no argument with these facts, but, must part company with the case presented by Charles Jay Pilzer, attorney, because he fails to show what the average cab driver will gross for each day, each week and each month. Without these figures it is any-

body's guess as to what the average cab driver's net take home pay will be. Charles Jay Pilzer, attorney, is asking us to be patient with him, and, sure enough in a month, two months, three months or maybe even in four months, he will somehow manage to bring in the figures that we need to know about, right this very minute, to justify his demands that his clients be given the 15 percent zone rate increase "at once", with the needed but unavailable facts accepted sight unseen. He has presented only half of his case . . . the easy half. We still do not know what is fact or fiction.

The Party Petitioner has stated that the taxi zone system now in use is obsolete and has proposed that it be replaced with the Mileage Rate Zone System. The Party Petitioner has also proposed that rates be reduced where needed, increased where needed and left unchanged where needed. The intervenors represented by Charles Jay Pilzer, attorney, want to perpetuate the life of the obsolete taxi zone system now in use. They should let it die a natural but respectable death. They want, to keep constantly trying, to revive it from death's door, for several more years, by giving it more blood transfusions called 15 percent interim rate increases. They propose that certain rates go up, that other rates remain the same, but, they do not propose to reduce any of the rates now in use.

The P.S.C. issued a Notice of Hearing, dated, January 30, 1973, that on Saturday, February 10, 1973 at 9 A.M., in Hearing Room B of the Interstate Commerce Commission, 12th and Constitution Avenue, N.W., Washington, D.C., a hearing devoted solely to the question of the quality of taxicab service within the District of Columbia was held. Members of the public who desired to state their views regarding the quality of taxicab service within the District were given an opportunity to be heard at this public hearing. At the time this hearing was going on, the P.S.C. broadened it to permit members of the Taxicab Industry to give their views related to the quality of taxicab service, etc.

The Party Petitioner at that hearing recommended that the P.S.C. assess the Taxicab Industry \$25.00 for each P.S.C. license required to operate a cab, this money to be used for the purpose of auditing the books of the cab companies associations and independent cab-owner-drivers. This audit could then be used to establish the needed information and facts necessary for Phase One of the taxi rate case.

The Party Petitioner contends that we once had a Taxicab Industry of 80 percent full time cab drivers, and, that it is now an industry of 80 percent part time cab drivers. At the hearing held on February 20, 1973, some of the witnesses contended that the Taxicab Industry is now composed of 85 percent part time and 15 percent full time cab drivers. The Party Petitioner contends that this is so, because of the zones, rates, rules and regulations, etc., that we have used over the years, we have become a part time Taxicab Industry, and, that the only way that we can turn around the direction in which we have been heading, is to adopt an entirely new taxi zone system, the Mileage Rate Zone System, an entirely new package to go with it, update the rules and regulations, and adopt higher standards to bring about self-limitation of taxicabs.

[From the Washington Post, Mar. 15, 1973]

WASHINGTON TAXI FARES TO RISE 15 PERCENT SATURDAY

(By Kirk Scharfenberg)

The D.C. public service commission yesterday granted an across-the-board increase of about 15 per cent in the basic fares charged by the city's 12,000 licensed taxicabs.

The increase will become effective at 12:01 a.m. Saturday, and, according to the commission's order, is designed to provide taxi drivers with an incentive to provide better service in Washington.

The commission warned that its order "will be subject to modification at a later point . . . in the event that the quality of service fails to improve . . ."

The 15 per cent increase in the zone fares granted by the commission are rounded off to the nearest nickel. Thus the present 75-cent charge for a ride within one zone will increase to 85 cents. The charge for a ride crossing one zone line will increase from \$1.10 to \$1.25.

In addition to the 15 per cent increase, the commission :

Increased from 25 cents to 50 cents the charge for summoning a cab by telephone. The commission found the present charge—in effect for 25 years—was not sufficient to induce enough cabs to respond to telephone requests for service.

Altered the regulations governing reduced fares for group riding so that they will apply only when all members of the group have identical origins and destinations. Presently, the group fares apply when two or more persons occupy a cab during any portion of a ride. The commission said this system discourages cab drivers from picking up additional passengers.

Increased the rate charged by taxicab service hired by the hour from \$4.80 to \$5.50 for the first hour and from \$1.20 to \$1.40 for each additional hour.

The last taxicab fare increases were authorized by the commission in August, 1969. In granting the new round of increases, the commission cited testimony that the Consumer Price Index had increased 20 per cent since 1969, that the cost of cars, insurance, tires and gasoline had increased by more than 20 per cent and that wages generally have increased during that period.

The commission, in its order, said the increase in fares should increase the gross hourly wage of the average taxi driver from the present level of \$3.87 to \$4.45.

"The commission is of the opinion," the order said, "that the interim increase in rates we are allowing will provide increased net income to the average taxicab driver which is within the lower level of the range of reasonableness."

The commission's action is an "interim" measure, part of a more general review of taxi operations and the present zone fare system. Further hearings are planned this year on proposals that would replace the present zone system with one that would base fares on the straight-line distance of the ride.

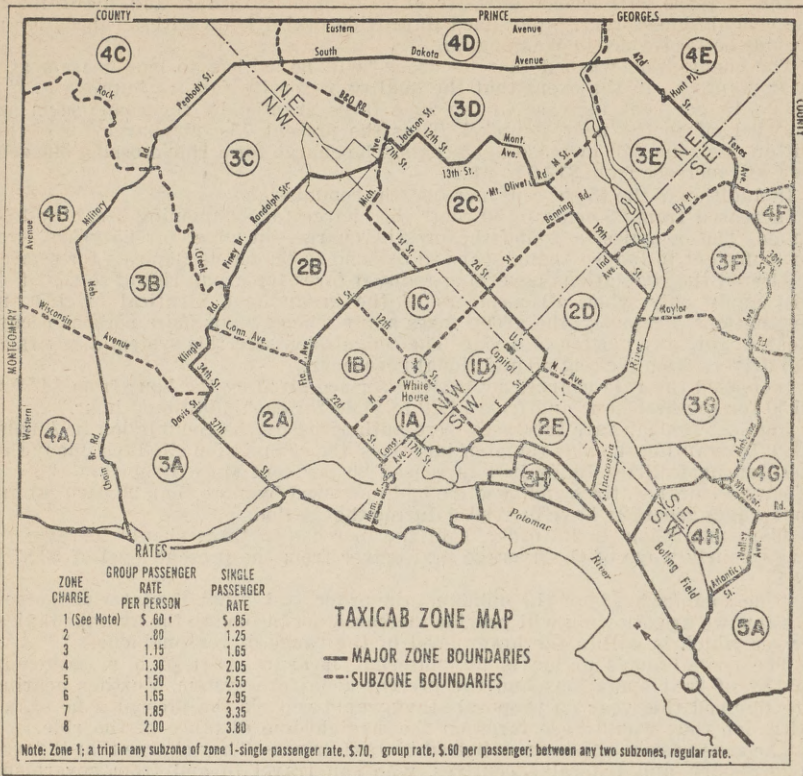
The zone system has been criticized by taxi drivers. They charge that it favors congressmen and federal executives, who can travel to and from government buildings inside Zone 1 at low fares.

Congress has barred the use of meters, which are common in other large cities that base the fare on the time and length of a ride. The large cab companies have pushed for the legalization of meters while the small, independent operators claim they would be too expensive to install and maintain.

In Alexandria on Tuesday night, the City Council granted a taxi fare increase amounting to an additional 20 cents on the first mile rate. The fare will be increased from 50 cents for the first three-fifths of a mile to 60 cents for the first two-fifths of a mile. Each additional one-fifth mile will still cost 10 cents.

Alexandria's 307 cabs have not had a fare increase in four years. The rate increase becomes effective as soon as new meters can be installed and the new charges posted in the cabs.

The Council's action approving the fare increase for the city's four taxi companies was unanimous. Councilman Winfield McConchie said he is investigating the possibility of providing transportation aid money to senior citizens.



Angela Robinson—The Washington Post

[From the Washington Star-News, Mar. 14, 1973]

DISTRICT OF COLUMBIA TAXI FARES RISE SATURDAY

Interim taxi fare increases ranging from 10 cents to 50 cents for single passengers and 25 cents to 50 cents for radio-dispatched calls were ordered today by the D.C. Public Service Commission. The new rates are effective at 12:01 a.m. Saturday.

The commission said its interim action, pending a final decision, temporarily increases the average hourly gross income for drivers from the present \$3.87 to \$4.45, an increase of 58 cents.

The new single passenger rate, now ranging from 75 cents to \$3.80, depending on the number of zone lines crossed. The group rate will remain the same, at 60 cents to \$2.00 per person.

[From the Washington Star-News, Mar. 15, 1973]

CAB FARES TO RISE 15 PERCENT IN D.C.

Taxi fares in the District will be 15 percent higher on Saturday and the charge for radio calls will go up from 25 to 50 cents, under an interim fare increase ordered yesterday by the D.C. Public Service Commission.

The single-passenger fare now ranges from 75 cents to \$3.30, depending on the number of zone lines crossed during a trip. The 15 percent increase, rounded to the nearest nickel, will set the rates at 85 cents to \$3.80.

Group fares, now ranging from 50 cents to \$1.75 per passenger, will be 60 cents to \$2 per passenger.

The group rate will apply only to passengers who board and leave the cab together. Passengers boarding or leaving the cab in some other location will pay the single passenger fare, rather than the group rate, under the new order.

Under the old rule, in some cases a driver could lose money by stopping for additional passengers during the course of a long trip. The commission said the new rule would encourage drivers to take extra passengers.

For a ride entirely within a sub-zone of Zone 1 downtown, the single passenger fare will rise from 60 to 70 cents, and the group rate will be 60 cents instead of 50 cents.

The commission granted the increases on an interim, emergency basis while a permanent fare increase application by veteran hacker Irving Schlaifer is pending. The aim of the increase is to raise the average gross income to \$4.45 an hour, about 58 cents more than the present estimated gross income for cab drivers.

The new D.C. taxi rates are :

Zone	Group passenger rate per person	Single passenger rate
1.....	\$0.60	\$0.85
2.....	.80	1.25
3.....	1.15	1.65
4.....	1.30	2.05
5.....	1.50	2.55
6.....	1.65	2.95
7.....	1.85	3.35
8.....	2.00	3.80

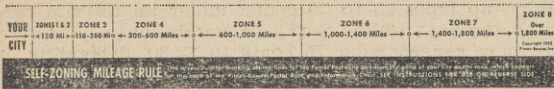
Note.—A trip in any subzone of zone 1—single passenger rate, \$0.70, group rate, \$0.60 per passenger; between any 2 subzones, regular rate.



INSTRUCTIONS FOR INSCRIBING PARCEL POST ZONE ARCS ON MAP

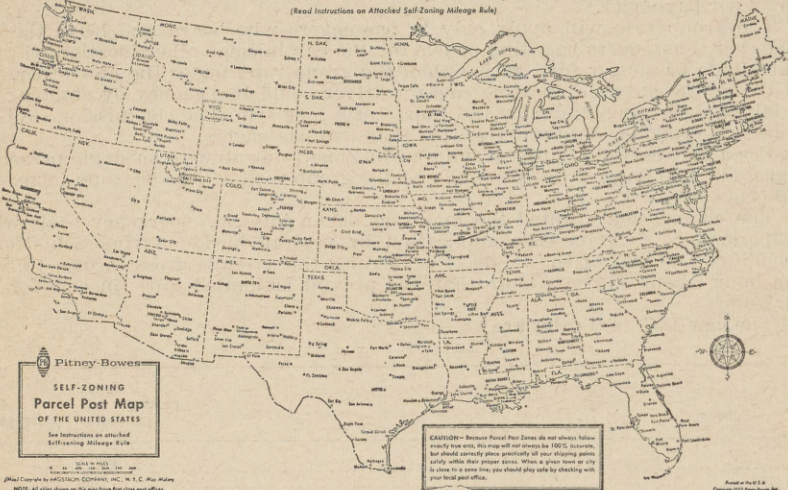
(1) Put thumb tack through the dot on the other side of this rule where arrow points to "Your City". (2) Then place rule on the map so that thumb tack goes through map at point where your

city is located. (3) Then inscribe arcs for Parcel Post Zones by placing point of a color pencil through the holes on the rule that indicate the various zone distances—in a series of six arcs.



YOU CAN MAKE THIS YOUR PARCEL POST ZONE MAP, WHEREVER YOU ARE

(Read Instructions on Attached Self-Zoning Mileage Rule)



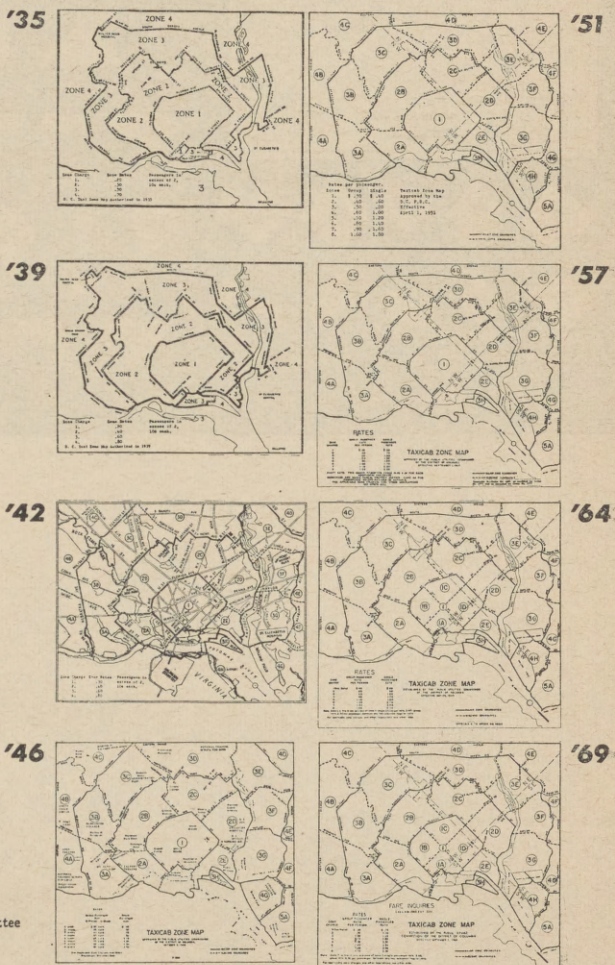
These eight oppressive taxi zone maps are the eight reasons why taxi service in D.C. has gone to hell! These are the eight reasons why our taxi industry that once had 80 percent of its drivers working full time, now has 80 percent of its drivers working only part-time.

Over the years, represented by these eight oppressive taxi zone maps, 1935-1973, the D.C. Public Service Commission (P.S.C.) has deliberately ignored the interest of the public and the legitimate needs of the taxi industry by inflicting cruel and unusual punishment on the D.C. cab drivers by making it mandatory that they must use these sadistic tax zone maps. The use of the rigidly fixed boundary lines made up of arbitrarily selected streets, creates zone areas of unequal size. The oppressive 1935 taxi zone map has 4 such zone areas, making it possible to get a one zone ride of over eight miles for as little as 20¢. The oppressive 1969 taxi zone map has 26 such zone areas. Each of these taxi zone maps is a monstrosity and a jigsaw puzzle. With any of these taxi zone maps you can make an exorbitant profit on one trip, only to have it wiped out on the next trip. With the oppressive 1969 taxi zone map now in use, a six block trip can cost as little as 60¢ within zone areas 1-A, 1-B, 1-C or 1-D, or, can cost as much as \$1.45 from zone area 3-C to zone area 4-D, or, a five mile trip can cost as little as 75¢ within a single zone area, such as, 3-D or 4-D.

In each of these taxi zone maps, the zone boundary lines automatically becomes a no-man's land. Those cab passengers unfortunate enough to be living within 1, 2, 3, 4, or 5 blocks of a zone boundary line and wanting to use a cab to go a short distance of 1, 2, 3, 4, or 5 blocks, but where it is unavoidably necessary to cross a zone boundary line, learn all too soon that they must pay a two zone charge. With the oppressive 1969 taxi zone map now in use, that makes it a charge of \$1.10, whereas, the same short ride within our least expensive zone areas 1-A, 1-B, 1-C or 1-D, the charge would only be 60¢, or, 50¢ less. Is it any wonder that virtually all such short trips have been practically eliminated by the action of such would-be passengers, who refuse to be taken for suckers and therefore, even though they would prefer to ride a cab these short distances, walk instead. But, what about those cab passengers that live in the high crime areas?

It is a matter of life or death to them. Their need to ride a cab is an urgent matter of self-protection and self-preservation for such short distances. Must these unfortunate cab passengers be forced to pay these exorbitant cab rates because of a P.S.C. that couldn't care less about them? This is just another example of the abusive use of its authority that the P.S.C. has forced upon these helpless cab passengers. There is no excuse or justification for allowing such rotten treatment of our short trip cab passengers to continue.

The only possible and satisfactory solution to this problem, is to create zone areas of equal size, wherein, the cab-riding public pays for the distance he travels. It can be best achieved by adopting the mileage rate zone system, a floating zone system based on the airline distance, 70¢ for the first mile, 30¢ for each additional half-mile, and, 30¢ for each additional passenger. The mileage rate zone system will decrease the rates where needed, increase the rates where needed, and, leave the rates unchanged where needed. Sixty percent of the cab-riding public will pay no increase in rates.

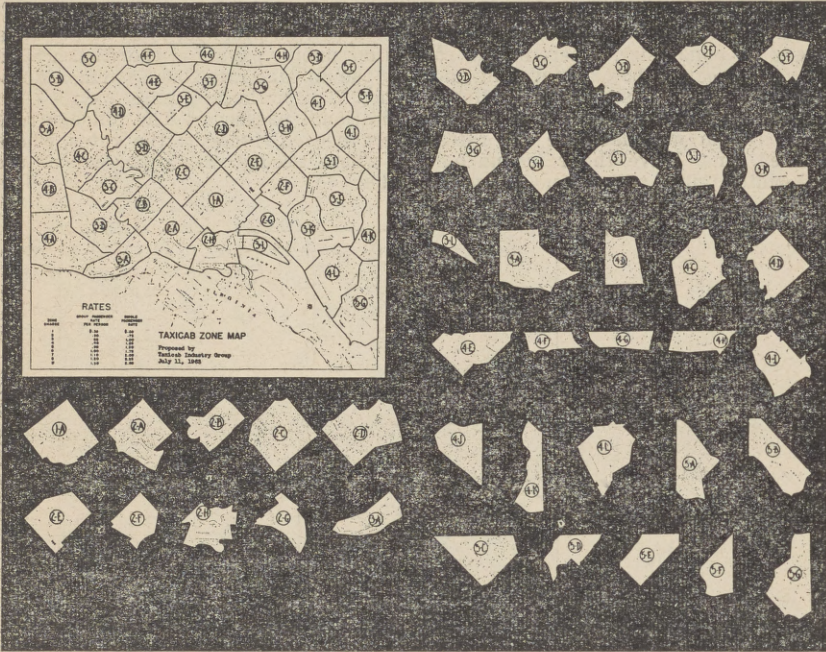


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The Washington Daily News published a picture of this 40 zone area map in their paper on Page 61, Wednesday, July 17, 1963.

40 Zone Area Map.

Submitted by the Taxi Industry Group in the 1963-1964 Taxi Rate Hearings. It was rejected by the D. C. Public Service Commission.



Use this block of figures to determine the number of zones traveled or crossed for the above 40 zone area map.

	1A	2A	3A	4A	5A	6A	7A	8A	9A	10A	11A	12A	13A	14A	15A	16A	17A	18A	19A	20A	21A	22A	23A	24A	25A	26A	27A	28A	29A	30A	31A	32A	33A	34A	35A	36A	37A	38A	39A	40A	41A	42A	43A	44A	45A	46A	47A	48A	49A	50A	51A	52A	53A	54A	55A	56A	57A	58A	59A	60A	61A	62A	63A	64A	65A	66A	67A	68A	69A	70A	71A	72A	73A	74A	75A	76A	77A	78A	79A	80A	81A	82A	83A	84A	85A	86A	87A	88A	89A	90A	91A	92A	93A	94A	95A	96A	97A	98A	99A	100A	101A	102A	103A	104A	105A	106A	107A	108A	109A	110A	111A	112A	113A	114A	115A	116A	117A	118A	119A	120A	121A	122A	123A	124A	125A	126A	127A	128A	129A	130A	131A	132A	133A	134A	135A	136A	137A	138A	139A	140A	141A	142A	143A	144A	145A	146A	147A	148A	149A	150A	151A	152A	153A	154A	155A	156A	157A	158A	159A	160A	161A	162A	163A	164A	165A	166A	167A	168A	169A	170A	171A	172A	173A	174A	175A	176A	177A	178A	179A	180A	181A	182A	183A	184A	185A	186A	187A	188A	189A	190A	191A	192A	193A	194A	195A	196A	197A	198A	199A	200A	201A	202A	203A	204A	205A	206A	207A	208A	209A	210A	211A	212A	213A	214A	215A	216A	217A	218A	219A	220A	221A	222A	223A	224A	225A	226A	227A	228A	229A	230A	231A	232A	233A	234A	235A	236A	237A	238A	239A	240A	241A	242A	243A	244A	245A	246A	247A	248A	249A	250A	251A	252A	253A	254A	255A	256A	257A	258A	259A	260A	261A	262A	263A	264A	265A	266A	267A	268A	269A	270A	271A	272A	273A	274A	275A	276A	277A	278A	279A	280A	281A	282A	283A	284A	285A	286A	287A	288A	289A	290A	291A	292A	293A	294A	295A	296A	297A	298A	299A	300A	301A	302A	303A	304A	305A	306A	307A	308A	309A	310A	311A	312A	313A	314A	315A	316A	317A	318A	319A	320A	321A	322A	323A	324A	325A	326A	327A	328A	329A	330A	331A	332A	333A	334A	335A	336A	337A	338A	339A	340A	341A	342A	343A	344A	345A	346A	347A	348A	349A	350A	351A	352A	353A	354A	355A	356A	357A	358A	359A	360A	361A	362A	363A	364A	365A	366A	367A	368A	369A	370A	371A	372A	373A	374A	375A	376A	377A	378A	379A	380A	381A	382A	383A	384A	385A	386A	387A	388A	389A	390A	391A	392A	393A	394A	395A	396A	397A	398A	399A	400A	401A	402A	403A	404A	405A	406A	407A	408A	409A	410A	411A	412A	413A	414A	415A	416A	417A	418A	419A	420A	421A	422A	423A	424A	425A	426A	427A	428A	429A	430A	431A	432A	433A	434A	435A	436A	437A	438A	439A	440A	441A	442A	443A	444A	445A	446A	447A	448A	449A	450A	451A	452A	453A	454A	455A	456A	457A	458A	459A	460A	461A	462A	463A	464A	465A	466A	467A	468A	469A	470A	471A	472A	473A	474A	475A	476A	477A	478A	479A	480A	481A	482A	483A	484A	485A	486A	487A	488A	489A	490A	491A	492A	493A	494A	495A	496A	497A	498A	499A	500A	501A	502A	503A	504A	505A	506A	507A	508A	509A	510A	511A	512A	513A	514A	515A	516A	517A	518A	519A	520A	521A	522A	523A	524A	525A	526A	527A	528A	529A	530A	531A	532A	533A	534A	535A	536A	537A	538A	539A	540A	541A	542A	543A	544A	545A	546A	547A	548A	549A	550A	551A	552A	553A	554A	555A	556A	557A	558A	559A	560A	561A	562A	563A	564A	565A	566A	567A	568A	569A	570A	571A	572A	573A	574A	575A	576A	577A	578A	579A	580A	581A	582A	583A	584A	585A	586A	587A	588A	589A	590A	591A	592A	593A	594A	595A	596A	597A	598A	599A	600A	601A	602A	603A	604A	605A	606A	607A	608A	609A	610A	611A	612A	613A	614A	615A	616A	617A	618A	619A	620A	621A	622A	623A	624A	625A	626A	627A	628A	629A	630A	631A	632A	633A	634A	635A	636A	637A	638A	639A	640A	641A	642A	643A	644A	645A	646A	647A	648A	649A	650A	651A	652A	653A	654A	655A	656A	657A	658A	659A	660A	661A	662A	663A	664A	665A	666A	667A	668A	669A	670A	671A	672A	673A	674A	675A	676A	677A	678A	679A	680A	681A	682A	683A	684A	685A	686A	687A	688A	689A	690A	691A	692A	693A	694A	695A	696A	697A	698A	699A	700A	701A	702A	703A	704A	705A	706A	707A	708A	709A	710A	711A	712A	713A	714A	715A	716A	717A	718A	719A	720A	721A	722A	723A	724A	725A	726A	727A	728A	729A	730A	731A	732A	733A	734A	735A	736A	737A	738A	739A	740A	741A	742A	743A	744A	745A	746A	747A	748A	749A	750A	751A	752A	753A	754A	755A	756A	757A	758A	759A	760A	761A	762A	763A	764A	765A	766A	767A	768A	769A	770A	771A	772A	773A	774A	775A	776A	777A	778A	779A	780A	781A	782A	783A	784A	785A	786A	787A	788A	789A	790A	791A	792A	793A	794A	795A	796A	797A	798A	799A	800A	801A	802A	803A	804A	805A	806A	807A	808A	809A	810A	811A	812A	813A	814A	815A	816A	817A	818A	819A	820A	821A	822A	823A	824A	825A	826A	827A	828A	829A	830A	831A	832A	833A	834A	835A	836A	837A	838A	839A	840A	841A	842A	843A	844A	845A	846A	847A	848A	849A	850A	851A	852A	853A	854A	855A	856A	857A	858A	859A	860A	861A	862A	863A	864A	865A	866A	867A	868A	869A	870A	871A	872A	873A	874A	875A	876A	877A	878A	879A	880A	881A	882A	883A	884A	885A	886A	887A	888A	889A	890A	891A	892A	893A	894A	895A	896A	897A	898A	899A	900A	901A	902A	903A	904A	905A	906A	907A	908A	909A	910A	911A	912A	913A	914A	915A	916A	917A	918A	919A	920A	921A	922A	923A	924A	925A	926A	927A	928A	929A	930A	931A	932A	933A	934A	935A	936A	937A	938A	939A	940A	941A	942A	943A	944A	945A	946A	947A	948A	949A	950A	951A	952A	953A	954A	955A	956A	957A	958A	959A	960A	961A	962A	963A	964A	965A	966A	967A	968A	969A	970A	971A	972A	973A	974A	975A	976A	977A	978A	979A	980A	981A	982A	983A	984A	985A	986A	987A	988A	989A	990A	991A	992A	993A	994A	995A	996A	997A	998A	999A	1000A
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THIS MUST START !

.70	1.00	1.30	1.60	1.90	2.20	2.50	2.80	3.10	3.40	3.70	4.00	4.30	4.60	4.90	5.20	5.50	5.80	6.10
1 Zone	1 1/2 Zones	2 Zones	2 1/2 Zones	3 Zones	3 1/2 Zones	4 Zones	4 1/2 Zones	5 Zones	5 1/2 Zones	6 Zones	6 1/2 Zones	7 Zones	7 1/2 Zones	8 Zones	8 1/2 Zones	9 Zones	9 1/2 Zones	10 Zones
1 Mile	1 1/2 Miles	2 Miles	2 1/2 Miles	3 Miles	3 1/2 Miles	4 Miles	4 1/2 Miles	5 Miles	5 1/2 Miles	6 Miles	6 1/2 Miles	7 Miles	7 1/2 Miles	8 Miles	8 1/2 Miles	9 Miles	9 1/2 Miles	10 Miles

Mileage Rate Zone System taxi fare rule.
Additional half-mile zones.

.30	.80	.80	1.30	1.80	1.80	2.10	2.40	2.70	3.00	3.30	3.60	3.90	4.20	4.50	4.80	5.10	5.40	5.70	6.00
1/2 Zone	1 Zone	1 1/2 Zones	2 Zones	2 1/2 Zones	3 Zones	3 1/2 Zones	4 Zones	4 1/2 Zones	5 Zones	5 1/2 Zones	6 Zones	6 1/2 Zones	7 Zones	7 1/2 Zones	8 Zones	8 1/2 Zones	9 Zones	9 1/2 Zones	10 Zones
1/2 Mile	1 Mile	1 1/2 Miles	2 Miles	2 1/2 Miles	3 Miles	3 1/2 Miles	4 Miles	4 1/2 Miles	5 Miles	5 1/2 Miles	6 Miles	6 1/2 Miles	7 Miles	7 1/2 Miles	8 Miles	8 1/2 Miles	9 Miles	9 1/2 Miles	10 Miles

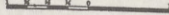
The mileage zone rule for this map starts within the small double circle at the U. S. Capitol Building.



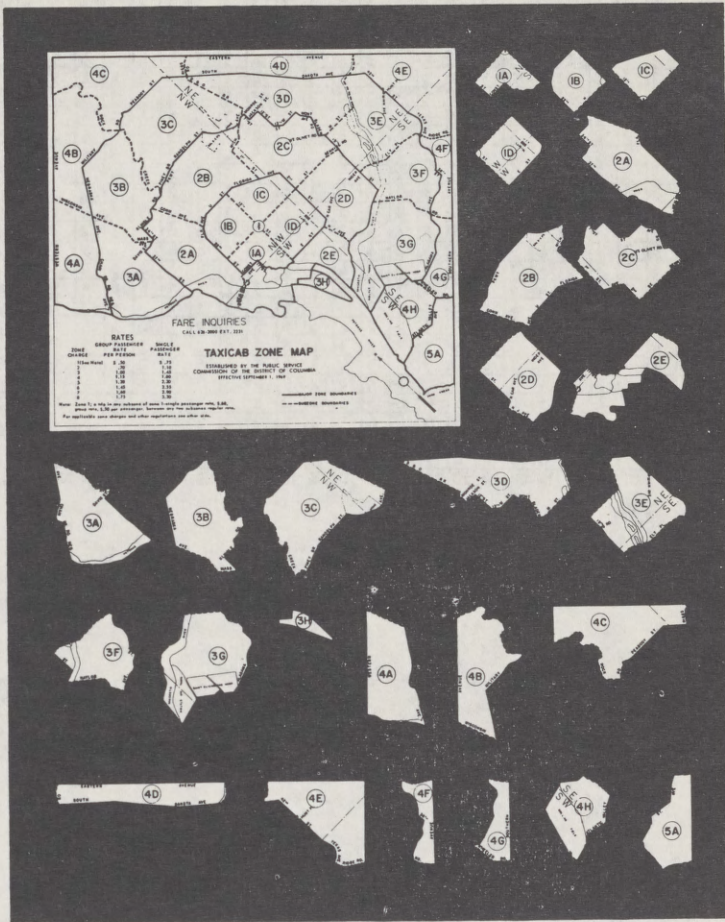
Prepared by
Irving Schaffer
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Chairman, Emergency TaxiCab Committee
1346 Kennedy St., N.W.
Washington, D. C. 20011
Phone: TUCKERMAN 8-9377

STREET MAP OF
WASHINGTON, D.C.

Mileage Scale



THIS MUST STOP !



ZONE CHARGES

	Zone Charge	Group Passenger Rate Per Passenger	Single Passenger Rate
A ride confined to any subzone of zone 1	-	\$.50	\$.60
A ride between any of the subzones of zone 1	1	.50	.75
A ride confined to any subzone of zones 2, 3, 4, or 5	1	.50	.75
A ride between a point in zone 1 and a point in zone 2	2	.70	1.10
A ride between a point in zone 1 and a point in zone 3	3	1.00	1.45
A ride between a point in zone 1 and a point in zone 4	4	1.15	1.80
A ride between a point in zone 1 and a point in zone 5	5	1.30	2.20

Rides originating in one subzone and terminating in another, the zone charge is shown below:

TO SUBZONE

		1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	3F	3G	3H	4A	4B	4C	4D	4E	4F	4G	4H	5A	
SUBZONE	1A	-	1	1	1	2	2	2	2	2	3	3	3	3	3	3	3	3	4	4	4	4	4	4	4	4	5	1A
	1B	1	-	1	1	2	2	2	2	2	3	3	3	3	3	3	3	3	4	4	4	4	4	4	4	4	5	1B
	1C	1	1	-	1	2	2	2	2	2	3	3	3	3	3	3	3	3	4	4	4	4	4	4	4	4	5	1C
	1D	1	1	1	-	2	2	2	2	2	3	3	3	3	3	3	3	3	4	4	4	4	4	4	4	4	5	1D
	2A	2	2	2	2	1	2	3	3	2	2	2	3	4	4	4	3	3	3	4	5	5	5	5	5	5	6	2A
	2B	2	2	2	2	2	1	2	3	3	3	2	2	3	4	4	4	3	3	3	4	4	5	5	5	5	6	2B
	2C	2	2	2	2	2	3	2	1	2	3	4	3	2	2	2	3	3	4	4	4	3	3	3	4	4	5	2C
	2D	2	2	2	2	2	3	3	2	1	2	4	4	3	3	2	2	3	5	5	4	4	3	3	3	3	4	2D
	2E	2	2	2	2	2	3	3	2	1	3	4	4	4	3	3	2	2	4	5	5	5	4	4	3	3	4	2E
	3A	3	3	3	3	2	3	4	4	3	1	2	3	4	5	5	5	4	2	3	3	5	6	6	6	6	7	3A
3B	3	3	3	3	2	2	3	4	4	2	1	2	3	4	5	5	5	2	2	4	6	6	6	6	6	7	3B	
3C	3	3	3	3	3	2	2	3	4	3	2	1	2	3	5	5	5	3	2	2	3	4	6	6	6	7	3C	
3D	3	3	3	3	4	3	2	3	4	4	3	2	1	3	4	4	5	5	4	3	2	4	5	5	5	6	3D	
3E	3	3	3	3	4	3	2	2	3	5	4	3	3	1	2	3	4	6	6	4	3	2	2	3	4	5	3E	
3F	3	3	3	3	4	4	3	2	3	5	5	5	4	2	1	2	4	6	6	6	4	3	2	2	3	4	3F	
3G	3	3	3	3	4	4	3	2	2	5	5	5	4	3	2	1	3	6	6	6	5	4	2	2	2	3	3G	
3H	3	3	3	3	3	4	4	3	2	4	5	5	5	4	4	3	1	5	6	6	6	5	5	5	4	5	3H	
4A	4	4	4	4	3	3	4	5	4	2	2	3	5	6	6	6	5	1	2	3	5	7	7	7	7	8	4A	
4B	4	4	4	4	4	3	3	4	5	3	2	2	4	6	6	6	6	2	1	2	4	6	7	7	7	8	4B	
4C	4	4	4	4	4	3	3	4	5	3	2	2	3	4	6	6	6	3	2	1	2	5	6	7	7	8	4C	
4D	4	4	4	4	5	4	3	4	5	5	4	3	2	3	4	5	6	5	4	2	1	4	5	6	6	7	4D	
4E	4	4	4	4	5	4	3	3	4	6	6	4	4	2	3	4	5	7	6	5	4	1	2	3	4	4	4E	
4F	4	4	4	4	5	5	4	3	4	6	6	6	5	2	2	2	5	7	7	6	5	2	1	2	3	3	4F	
4G	4	4	4	4	5	5	4	3	3	6	6	6	5	3	2	2	4	7	7	7	6	3	2	1	2	2	4G	
4H	4	4	4	4	5	5	4	3	3	6	6	6	5	4	3	2	4	7	7	7	6	4	3	2	1	2	4H	
5A	5	5	5	5	6	6	5	4	4	7	7	7	6	5	4	3	5	8	8	8	7	4	3	2	2	1	5A	
FROM		1A	1B	1C	1D	2A	2B	2C	2D	2E	3A	3B	3C	3D	3E	3F	3G	3H	4A	4B	4C	4D	4E	4F	4G	4H	5A	



- REPRINT 225

The Regulation of Taxicabs in Chicago

by EDMUND W. KITCH
MARC ISAACSON
DANIEL KASPER

THE BROOKINGS INSTITUTION
WASHINGTON DC 1972

REPRINT 225

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Corrections: On page 286, line 11, read "enforced" for "endorsed." On page 341, Table 5, column 2, line 2, read "10¢ each 2/5 mile" for "10¢ each 2 minutes."

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The Regulation of Taxicabs in Chicago

by **EDMUND W. KITCH**

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THE REGULATION OF TAXICABS IN CHICAGO*

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I. INTRODUCTION

STUDENTS of economics and urban transportation frequently cite the limitation on the number of taxicabs in most American cities as a clear case of unwise government policy. They argue that a limitation on the number of cabs can only operate to raise the price and decrease the supply of taxicab service as compared to that which would otherwise be provided.¹ The argument is supported by the example of Washington, D.C., where there is no limitation on the number of cabs and a low-cost service.²

The academic view is often not conclusive to the non-economist. Spokesmen for the taxi industry contend that it has proven itself unstable and irresponsible when governed by a regime of competition. The experience in Washington D.C. is difficult to deal with, but the spokesmen for the industry are not above trying. As the General Counsel of the American Taxi Association once told Congress when testifying on behalf of restricted entry in the District of Columbia, taxi operators find conditions there "little short of a disgrace." "It is the kind of condition," he testified, "that gives the entire industry a black eye."³ Congressmen—themselves consumers of the service—were skeptical, even sarcastic.

The authors of this article share the academic view. But difficult questions remain. Why has a policy adverse to the interest of consumers been so frequent and so persistent in American cities? If there is, indeed, an "invisible

* This study was supported by a grant for a Regulated Industry Workshop from The Brookings Institution to the University of Chicago Law School.

¹ For example, J. R. Meyer, J. F. Kain and W. Wohl, *The Urban Transportation Problem* (1965).

² Washington does impose a fixed rate of fare by means of a zone system which results in peak load scarcity and probably some geographic unevenness of supply.

³ Taxicab Industry in the Distr. of Columbia, Hearings before the Subcomm. on Public Utilities, Insurance & Banking of the H. Comm. on District of Columbia, 85th Cong., 1st Sess., at 124, 127 (1957).

hand," why has it not guided the cities' policymakers in the direction of optimizing the benefits for all? What are the effects of the policy actually pursued? What political groups have formed the regulation? The available literature does not answer these questions.⁴ We here attempt to describe the present state and explain the origins and development of Chicago taxi regulation. We have concentrated on the public and formal aspects of the problem, attempting to identify those features of the regulatory process which appear to be systematic and persistent.

Our study shows that the regulation of taxicabs in Chicago has had a substantial impact on the service provided. More strikingly, our study shows that the formal policy of the ordinance is not and never has been fully endorsed. The illegal services thus permitted—although difficult to study because of their irregular status—offer a glimpse of the services that would be available under a different system of regulation. More importantly, our study suggests that a systematic policy of low level enforcement has been essential to the preservation of the monopoly policy of the ordinance. Tacit acceptance of illegal operations by the city has sidetracked and contained political forces which otherwise would have been directed against the ordinance itself. Whenever effective enforcement of the ordinance would have required a confrontation making these forces newsworthy and hence visible to the political community, the city has repeatedly and ingeniously devised policies designed to avoid the confrontation but to preserve the ordinance. These policies have persistently lead to the involvement of the courts as the final reviewers of the regulation and it is with their approval that the Chicago taxi monopoly has not only survived but achieved seeming permanence.

II. THE STRUCTURE OF THE REGULATION AND THE BEHAVIOR OF THE INDUSTRY

Of the 4,600⁵ licenses authorized by the ordinance, 3,666 or 80 per cent are held by the Checker (1,500 licenses) and Yellow (2,166 licenses) taxi companies, both controlled until his death in July of 1970, by Morris Markin of Kalamazoo, Michigan, and his family through a complex set of corporate

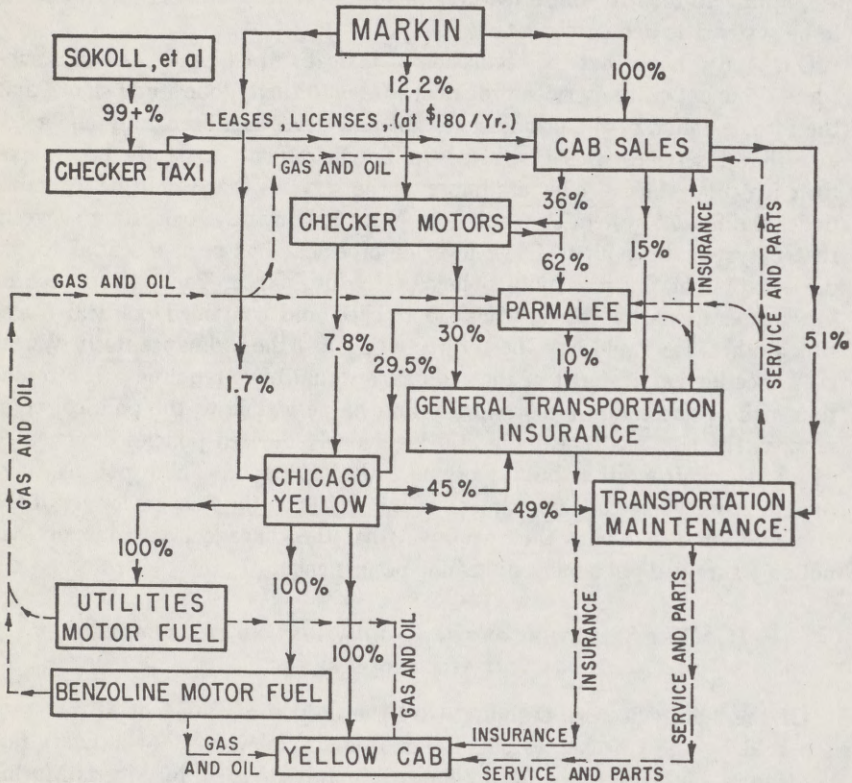
⁴ Ralph Turvey, *Some Economic Features of the London Cab Trade*, 71 *Econ. J.* 79 (1961); Ross D. Eckert, *Regulatory Commission Behavior: Taxi Franchising in Los Angeles and Other Cities* (University Microfilms, Unpublished Ph.D. thesis, 1968), adapted as *The Los Angeles Taxi Monopoly: An Economic Inquiry*, 43 *S. Cal. L. Rev.* 407 (1970); Northwestern Univ., Transportation Center, *The Operation and Regulation of Taxicabs in Chicago* (mimeo 1958); R. Rothmeyer, Adam Von Dioszeghy & Rath Rothmeyer, *The Regulation of the Taxi Industry in San Francisco*; (unpublished student paper, Stanford Law School, 1970).

⁵ Chicago Mun. Code, Public Passenger Vehicles § 28-31.1.

relationships.⁶ (See Charts I-IV.) Holders of taxi licenses under the ordinance enjoy protection from the issuance of additional licenses. The ordinance pro-

CHART I

1946

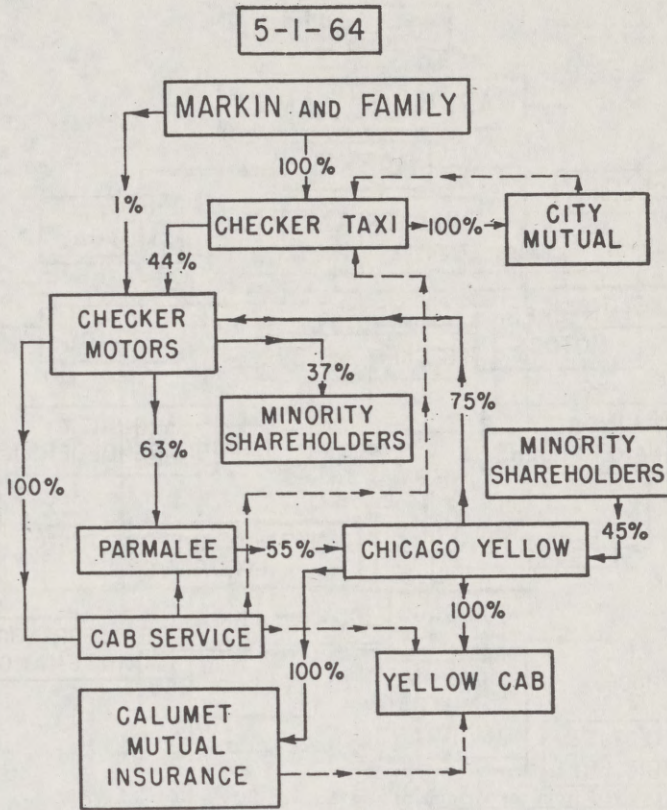


Source: Derived from the Complaint, United States v. Yellow Cab Co., No. 46 C 1339 (N.D. Ill. 1946), rev'd 332 U.S. 218 (1947).

vides that no additional licenses can be issued unless the ratio of operating expenses (exclusive of Federal income taxes) to gross revenues of all licensees

⁶ In addition "there is present (1960) pending in the Circuit Court of Cook County a lawsuit filed by Michael M. Sokell, President of Checker Taxi Company, against Public . . . [he] seeks to obtain a declaratory judgment that he is sole owner of Public (which controlled 180+ independent licenses)." Letter to Vehicle Commissioner Flynn from the Corporation Counsel, Feb. 4, 1960. Corporation Counsel's files.

CHART II



Source: Derived from the Complaint and Answer, *Stryker v. Chicago Yellow Cab Co.*, 38 C. 4001 (S.D. N.Y. 1968).

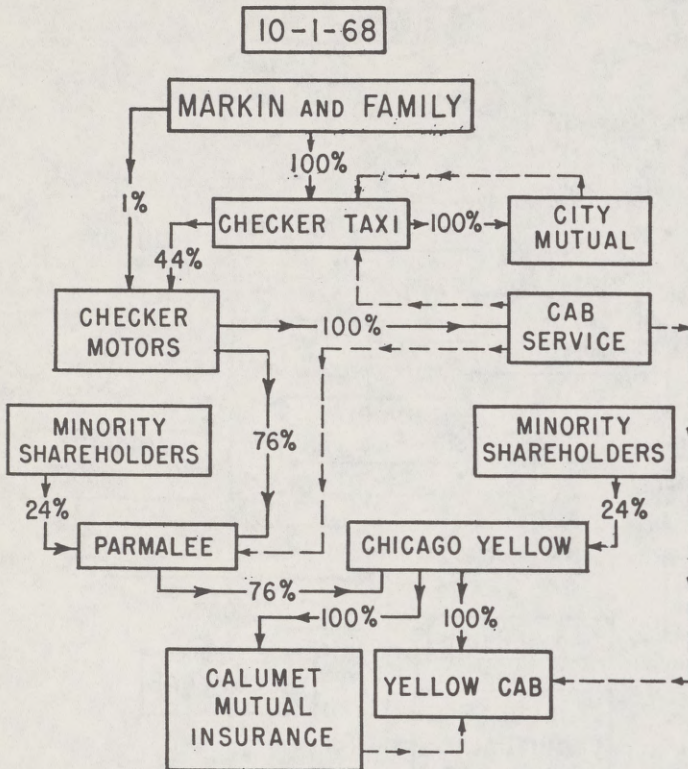
falls below $84\frac{1}{2}$ per cent.⁷ Since in recent years this ratio has been above 94 per cent for Checker and Yellow (according to their financial statements as submitted to the Public Vehicle Commissioner), no new licenses can be issued under the ordinance.⁸ In any case the ordinance provides that new licenses, if issued, shall be issued to holders of present licenses in proportion to the number they now hold, guaranteeing to Checker and Yellow in perpetuity their 80 per cent share of all outstanding licenses.⁹ The ordinance also pro-

⁷ Chicago Mun. Code, § 28-22.1.

⁸ See Tables 1 and 2, *infra*.

⁹ Chicago Mun. Code, § 28-22.1.

CHART III



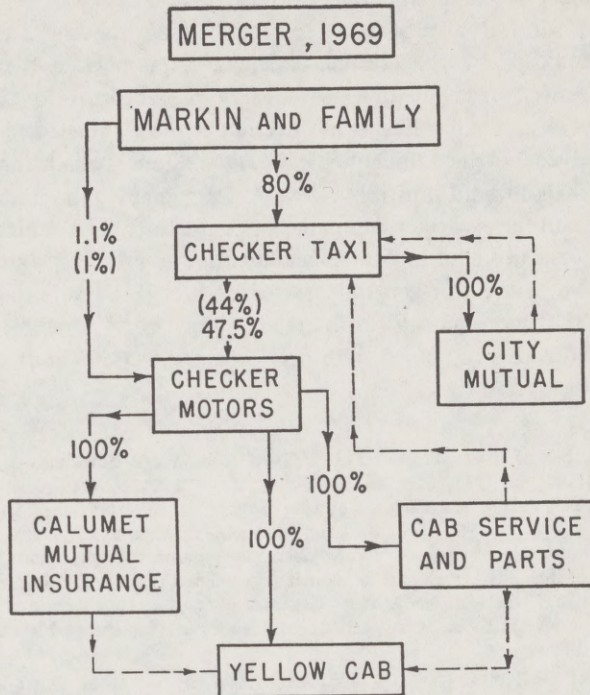
Source: Derived from the Complaint and Answer, *Stryker v. Chicago Yellow Cab Co.*, 38 C 4001 (S.D. N.Y. 1968).

vides for fare increases whenever the expense to revenue ratio is above 86 per cent,¹⁰ so licensees are apparently entitled, under present operating conditions, to a fare increase any time they apply for it.

The significance of the 86 per cent ratio can be better understood by means of the following figures. As will be discussed later, \$20,000 a year is a conservative estimate for the gross revenue of a taxicab operating full time. Eighty-six per cent of \$20,000 is \$17,200, providing a profit of \$2,800 for each licensee. The capital investment in each taxicab and its supporting facilities should not exceed \$6,000. So the ordinance would appear to protect all licensees against entry and entitle them to a fare increase unless they have a return on capital of more than 47 per cent.

¹⁰ *Id.* § 28-30 (b).

CHART IV



Source: Derived from the Complaint and Answer, *Stryker v. Chicago Yellow Cab Co.*, 38 C 4001 (S.D. N.Y. 1968).

In addition to the entry and fare increase provisions, the ordinance regulating taxicab operations contains a number of other provisions which lead to uniformity in taxicab service. The fares established by the ordinance are not maximum fares, they are mandatory. Each taxicab must be equipped with a taximeter and the fare charged must be the fare indicated on the meter. There is no variation in fares for the time of day or year. It is unlawful for a cab to refuse to take a passenger anywhere within the city.¹¹ A cab, once retained, may not pick up any additional passengers.¹² No cab may carry more than six passengers.¹³ The only non-uniform service authorized by the ordinance is livery service where the transportation arrangements are made in advance at a negotiated price.¹⁴ Liveries are prohibited from picking up

¹¹ *Id.* at 28-28.

¹² *Id.* at 28-29.

¹³ *Id.*

¹⁴ *Id.* at §§ 28-19.1, 28-19.2.

passengers on the street.¹⁵ No new livery licenses have been issued since 1952 and the number of outstanding livery licenses is now 327.¹⁶

There are substantial departures in practice from the uniformity of service and price imposed by the ordinance. The most important departure is the persistent refusal of many drivers to carry passengers into the poor black areas of the city. These refusals are documented by the stream of user complaints received by the Public Vehicle Commissioner which most frequently involve refusals to haul into these areas.¹⁷ Presumably, the number of actual refusals to haul far exceeds the number of complaints. The explanation offered for these refusals to haul is the danger for drivers in these neighborhoods and the small size of the tips generally received there.¹⁸ Drivers, both black and white, find that more money can be made elsewhere. The uniformity of fares throughout the city combined with driver compensation computed as a fixed

¹⁵ *Id.* at § 28-19.2.

¹⁶ The number of livery licenses has declined from a one-time high of 3,500. In 1946 there were 1,300; in 1952, 510; in 1963, 333; from 1964 to the present 327. In 1952 the City Council barred the issuance of new licenses and the transfer of existing licenses. See discussion pp. 333-34 *infra*. In light of these provisions it is surprising that the number of licenses has remained stable since 1964. Some drivers report that a de facto system of transfer has developed in which the license is formally left in the name of the transferor. If the Public Vehicle Commissioner does not require proof that the named licensee is still living, this practice could account for the stable number of livery licenses since 1964.

¹⁷ Chicago Sun Times, Oct. 31, 1967 at 4: "With the labor shortage, owners and drivers say some areas of the city are short of cabs, particularly late at night. They mentioned the south side, north of North Avenue and outlying areas (e.g., the west side)." The records of the Vehicle Commissioner show that one fourth of the chauffeur license suspensions in the period Jan. 1, 1969 to June 30, 1969 were for refusals to haul:

Refusals to haul	445
Fares overcharges	405
Front-seat passenger	389
O'Hare Field	244
Soliciting passengers	178
Total	1661

However, if only the suspensions imposed as the result of complaints by taxi customers, as opposed to complaints by police, taxi companies, other cab drivers and Continental Airport Transfer Service employees are counted, refusals to haul are even more important:

Refusal to haul	445
Fare overcharge	405
O' Hare Field	122 (61 Refusals, 61 Fares)
Total	972

The fare and refusal to haul problem at O'Hare airport has its own special background, discussed pp. 340-41 *infra*. Of total city user complaints, refusals to haul constitute more than half of those found justified by the Vehicle Commissioner.

¹⁸ Project interview with Checker General Manager, Robert Collings.

percentage of fares induces drivers to work the busiest and safest parts of the city. The sanctions imposed for a refusal to haul are usually light: a warning for the first offense, a several-day suspension for a subsequent offense.¹⁹

The disparity in licensed taxicab service actually available in different parts of the city is offset to some extent by the city's apparent toleration of substantial illegal cab operations on the near west side of the city in some of the city's poorest black neighborhoods. These unlicensed cabs are reported to number about 300.²⁰ They operate out of other businesses with telephones such as record stores or groceries. They advertise by means of hand-printed business cards distributed throughout the neighborhood. Many are radio dispatched, apparently by means of short range radio operating on Citizen Band frequencies. They specialize in short hauls within the neighborhood. The vehicle division of the Police Department enforces the ordinance against these illegal operators. The enforcement technique used is for specialized policemen to patrol the neighborhood looking for an illegal cab picking up or letting off a passenger. Since the illegal operators use conventional vehicles with concealed radio equipment, it is difficult to distinguish them from regular passenger vehicles. Passengers, many of them aware of the rules of the game and desirous of preserving the service, will often deny that they paid for the transportation. An easier system of enforcement would be to hire undercover agents who would go into the neighborhoods and ask for a cab at local bars and other places likely to know of the illegal companies. The undercover agent could then call for such a cab, and direct him to a location where another officer was waiting to assist with the arrest. The fact that police do not use this simple and obvious method of enforcement suggests that they are willing to tolerate the operations of these cabs. Tacit police tolerance was also suggested by interviews with customers, who reported that it was their understanding that it was "all right" for the illegal cabs to operate outside of, but not in, the loop area.²¹ Tolerance of these operations makes service available to neighborhoods that would not be served by the licensed cabs. Keeping them outside the loop and other high demand areas protects the economic interests of the licensed taxis and drivers.

¹⁹ The office of the Public Vehicle Commissioner regards hearings on complaints as educational rather than punitive, so license suspension is a last resort. In addition, a complainant rarely appears at a driver's hearing, so it is the driver's word against the written word of the complainant. This combination of circumstances means that those drivers actually suspended are a small segment of all offending drivers. Project interview with Public Vehicle Commission Chief Inspector, Tom McCall.

²⁰ Chicago Tribune, Feb. 23, 1969, § 7 (Magazine) at 20.

²¹ For an indication of police shakedowns, that is, extra-legal licensing, of these illegal operations, see: Chicago Tribune, May 3, 1963, at 1; Chicago Sun Times, Oct. 3, 1963, at 1.

The second deviation from the uniformity of service dictated by the ordinance is a small jitney operation on the south side of the city along King Drive (formerly South Parkway) from about 28th to 63rd Streets. The cabs cruise up and down the street picking up passengers until they are full, thus violating the group riding ban of the ordinance. They charge a fare of \$.25 for any distance on King Drive (the Chicago Transit Authority fare is \$.45) and \$.25 more for a "turn" off King Drive to the passenger's destination if it is in the area. This violates the fare and taximeter requirements of the ordinance. This jitney operation has been conducted for more than 40 years, beginning at a time when the operation was legal. After World War II many of the jitneys were unlicensed cabs but complaints of excessive congestion and a high accident rate led to the exclusion of all but licensed cabs. The existence of the operation is well known to city officials, and indeed the Public Vehicle Commissioner has informally required a special blue and gray color scheme for jitney vehicles.

In examining the operations of the 4,600 licensed taxicabs operating within the constraints of the ordinance it is useful to distinguish between the 934 cabs operated by independent owners and the 3,666 cabs operated by Checker and Yellow. The operating practices of the owners of these two groups of licenses are substantially different.

The Checker and Yellow operations have the following characteristics. Checker and Yellow drivers are organized into a union and operate under a collective bargaining contract. Under the contract their compensation is a percentage of the gross fares. The percentage varies between 45 and 50 per cent depending on driver seniority. In 1965 the average commission was 46 per cent and in 1968 it was 48.2 per cent.²² In addition, Checker and Yellow drivers are covered by a retirement program and an extensive medical care program.²³ Fringe benefits add about 5 per cent to the driver's commission.²⁴ Checker states that 20 per cent of its cabs are out of service at any one time for maintenance and repair.²⁵ Yellow provides a more detailed breakdown, claiming that at any one time 10 per cent of the cabs are in preventive maintenance, 5 per cent are under repair and 3 per cent are being salvaged for

²² Data submitted by Yellow and Checker to Chicago City Council, Local Transportation Committee (of City Council) during fare increase hearings.

²³ Fringe benefits for Yellow and Checker employees are workman's compensation, unemployment insurance, group hospitalization insurance, a free diagnostic clinic and pensions.

²⁴ 1965 (7/1/64 to 6/30/65): 4.8%; 1969 (10/1/68 to 9/30/68): 5.7%. These figures were computed from the Checker and Yellow statement, *supra* note 22. The total fringe benefit costs were allocated between drivers and non-drivers in the same proportion as the ratio between total commissions to drivers and total wages to non-drivers.

²⁵ Project interview with Checker General Manager, Robert Collings.

their good parts.²⁶ Of the cabs in service, Yellow drivers estimate that two-thirds are operated on a two shift basis and one-third on the day shift only.²⁷ Both Yellow and Checker also explain that some cabs, in addition to those being serviced, are not in use due to a persistent shortage of drivers.²⁸ Yellow and Checker drivers are encouraged to concentrate on the loop, O'Hare Airport, and the lakeshore area south and north of the loop where three of the four neighborhood cabstands operated by Yellow are located.²⁹ Most Yellow and more than half of the Checker taxis have no radios. Checker reports that it is reducing the number of radio dispatched cabs in its fleet. Checker, wholly owned by the Markin interests, has operated its cabs more intensively than Yellow,³⁰ a corporation in which there were substantial minority interests prior to its merger into Checker Motors in 1969. Checker and Yellow operate Checker vehicles, especially suited for taxi operation because of their large rear seating area, which are manufactured by Checker Motors, a related corporation.

Drivers of the 934 independent cabs are not unionized. Although arrangements between drivers and owners differ, many drivers rent the cabs for about \$15 for the day shift and \$13 for the night shift, paying for gas and oil.³¹ All independent cabs are operated on a fulltime basis. Independent licenses are reputed to sell for more than \$15,000.³² The bulk of the indepen-

²⁶ Project interview with Robert Samuels, President of Yellow Cab Company.

²⁷ Project interview with Yellow Cab drivers.

²⁸ Project interview with Robert Collings, Checker Cab General Manager, and Robert Samuels, Yellow Cab Company President.

²⁹ The recommended areas for drivers are as follows:

Six a.m. to 9:30 a.m.: Hotels; near-North apartments; Sheridan Road and Lake Shore to the Loop, Hyde Park; railroad stations. Ten to 6:00 p.m.: Hotels; O'Hare; Michigan Avenue; Loop. Eleven a.m. to 6:00 p.m.: Convention sites, etc.; Navy Pier, Merchandise and Furniture Marts. Five p.m. to 10:00 p.m.: O'Hare "very heavy." Six p.m. on: Hotels; near-North; nightspots; theatres. Eleven p.m.: Show break in Loop. After midnight: Hotels, night clubs; "don't cruise." Drivers are also generally instructed to check with neighborhood cab stands (generally around these same areas) when business is slow. "More people see your cab and want a cab in one block in the Loop than will see it for one mile on 63rd or Jackson or Lawrence, etc." Checker Memo given to new drivers.

³⁰ See Table 3.

³¹ Arrangements vary among the various owners and drivers. Minimum rental is usually \$12-\$13/shift, or \$25 per day up to \$15-\$16/shift, or \$28 per day. Variables apparently include the condition of the cab, the time of day during which the shift comes and possibly the general area of operation. Project interviews with independent cab drivers and owners.

³² *Issen v. Ross*, No. 67 Ch. 5506 (Cir. Ct., of Cook Co., 1967), was a suit to compel specific performance of a contract to sell two taxi licenses for \$30,000. The contract was made on June 19, 1967. Plaintiff alleged that defendant intended to sell the licenses for a sum greater than \$30,000; defendant denied any intention to sell to another. The owner of Dewberry Cab Co. says he was offered more than \$15,000 in 1965 for one of his

dent cabs are either affiliated with (by means of an operating agreement providing for operation under a common name and with common dispatching facilities) or owned by three major groups: American United, Flash, and Abernathy.³³ Almost all are radio dispatched. All concentrate their operations outside the loop. American United and Flash operate on the north and northwest side, Abernathy on the south side, and Highland on the southwest side. American United and Flash are successors to the veterans' groups that entered the industry after World War II and pioneered radio dispatched cabs. Abernathy has entered more recently, and specializes in serving the higher income black neighborhoods on the south side. Independents operate all types of vehicles including some Checkers but mostly standard four-door sedans.

The most striking feature of the difference between the independent owners and Checker and Yellow is the profitability of the independent licenses and the unprofitability of the Checker and Yellow licenses. Independent owners can gross \$150 ($\25×6) per week for the rent of their cab and license. This comes to \$7,500 a year ($50 \text{ weeks} \times \150). If a cab can be purchased, maintained and insured for \$5,000 a year, the profit would be \$2,500 a year. Profits in this range are also suggested by the capital value of the license of \$15,000 which would be consistent with annual earnings of \$2,500 capitalized at a 16.6 per cent rate. Since the value of the licenses depends solely on the expectation that additional licenses will not be issued and that the ordinance will be enforced, the historical experience justifies a fairly high capitalization rate. Unfortunately, it is difficult to determine the exact level of independent earnings because the financial statements submitted by the independents to the Public Vehicle Commissioner under the ordinance are highly variable. They show, for instance, gross incomes per license ranging from \$24,000 to \$4,000. Profit per cab ranges from \$5,000 to nothing.³⁴ The revenues and expenses of each report appear to be computed on a different basis. Since the Public Vehicle Commissioner imposes no accounting requirements and makes no use

licenses. Public Vehicle Commissioner Carter was told that licenses sold in 1968 for \$16,000 or more. Chief Inspector Tom McCall reported licensee claims that licenses sold for \$18,000 in 1968. The Chicago Tribune, Feb. 23, 1969, § 7, p. 24 reported a value in the range of \$10,000 to \$18,000.

³³ The major independent operators and the number of their taxis are: Flash (includes Public), 235; American United, 170; Abernathy, 100+. Chicago City Council, Local Transportation Committee, Records.

³⁴ See Table 3. Some licensees appear to report only their net income from license rental, but at the same time they report as an expense "agent's commission"—a figure representing their drivers' earnings—which is not an expense when the owner leases his cab. Other licensees seem to be reporting non-taxi income and non-taxi expenses. Since no use is made of this data, the Public Vehicle Commissioner has no incentive to standardize reporting practices or take other steps to insure that reliable information is received.

of the forms once submitted, such inconsistency is perhaps to be expected.³⁵ It is difficult to believe that the gross revenues and profits to be derived from taxi operations are so variable from cab to cab. The level of gross revenues and profits reported is also inconsistent with the rental fees and license values which are freely and uniformly reported.

The financial figures reported by Yellow and Checker are probably more meaningful. Both are large organizations which must make use of professional accounting and tax assistance. Yellow as a publicly held corporation (until the middle of 1969) issued audited financial statements with the same figures as those filed with the Public Vehicle Commissioner. Checker reports a gross revenue of \$11,487 per license and a profit of \$418. Yellow reports gross revenue of \$8,707 and a profit of \$192.³⁶

Yellow and Checker advertising has long stated that a driver earns \$25 per day. More recently they have advertised that it is possible for a driver to earn \$50. Interviews with drivers revealed that the driver's share of the meter fare averages \$25 for a ten hour day. Assuming a 50 per cent commission rate, the meter gross revenue per cab would be \$50 a shift. If tips averaged 20 per cent, or \$10 a shift, a driver's take-home pay would be \$35 a day or \$165 a 5-day week or \$8,250 a 50-week year. A driver who pushed harder could reach the "\$50 possible" advertised by Checker and Yellow.

If the \$50 per shift is a reasonably accurate estimate of the average meter revenue per cab per shift, and a cab is operated 6 days a week for 50 weeks a year (a conservative estimate) then the revenue produced by a single taxi operated on a single shift for a year is \$15,000. If one simply doubles this amount for a second shift, then a single cab should be able to earn \$30,000 a year. There is a difficulty however, about simply doubling the amount. It is difficult to fit two full ten hour shifts into a day if the midnight to 6:00 A.M. period is not used. But the addition of second shift operations might easily bring the possible gross revenue per cab per year into the \$20,000 to \$25,000 range. The reported gross revenues of Checker and Yellow are, of course, less than that by a magnitude of 50 per cent.

Yellow and Checker offer two explanations for their low level of operations in relation to potential. One is that 18-20 per cent of their cabs are out of service for maintenance and repairs at all times.³⁷ The second is an inability to attract a sufficient number of drivers.³⁸ Both Checker and Yellow regularly

³⁵ The City Council could use the data submitted to the Public Vehicle Commissioner in its fare increase hearings, but in actual practice it uses information supplied directly to it by a majority of licensees (that is, Checker and Yellow). The result is that the Public Vehicle Commissioner's office only checks to make sure each licensee has submitted a report in apparent conformity with Chicago Mun. Code, § 28-30.1 before it stores them.

³⁶ See Table 3.

³⁷ See p. 293 *supra*.

³⁸ Chicago Sun Times, Oct. 13, 1967, quotes J. Feldman of Checker as saying: "We

advertise for drivers. More drivers could be obtained if more compensation was offered. The uniform commission rate makes it particularly difficult to attract drivers to work at off hours³⁹ when business is slow. But presumably Checker and Yellow choose not to offer additional compensation because they feel that the income generated by the additional cabs would be less than the additional cost.

The percentage of licensed cabs actually operated by Checker and Yellow is difficult to discover. One guide is the 1963 ordinance which, at Checker and Yellow's behest, was amended to authorize a license holder whose expenses exceed 90.5 per cent of gross fares to "lay up" up to 25 per cent of its licensed cabs.⁴⁰ If Checker and Yellow make full use of this privilege, for which they are qualified, and if an additional 20 per cent of the cabs are out for maintenance and repair at any one time, then Checker and Yellow operate 55 per cent of their licensed cabs. Another guide is the number of cabs which Checker and Yellow have repeatedly advised the city is "optimum." This number is 3,000.⁴¹ If Checker and Yellow proceeded to insure that an "optimum" number of cabs are in fact operated in the city, and the 934 licensed independent cabs operate full time, then Checker and Yellow operate 2,066 of their 3,666 licenses or 56.4 per cent. These figures, however, can only be suggestive. At eleven locations throughout the city on a June weekday we found about 875 idle Yellow cabs with medallions. Since we could not distinguish those cars which were idle and those awaiting repair we counted all of them. If 875 cabs are idle, then Yellow operates 1,291 or 59.5 per cent of its cabs.

Any effort to determine the number of cabs operated full time must confront a definitional ambiguity. What does it mean to operate a taxicab full time? Is a taxicab operated full time if it is put on the street an average of twice a month to handle heavy traffic during conventions? Is it full time operation if a taxicab is operated by a part time driver four hours a day during the evening rush hour? The ordinance itself is ambiguous, providing only that "every taxicab shall be operated regularly to the extent reasonably necessary to meet the public demand for service".⁴²

have cars sitting idle because we cannot get enough men [to drive them]." Checker and Yellow advertise regularly in Chicago's daily papers and Chicago college newspapers. Signs on Checker and Yellow garages also beckon those who want to earn a "possible \$50 per day."

³⁹ The driver commission rates under the 1968 contract are: 0-2 years, 42½%; 2-4 years, 47½%; 4-10 years, 48%; 10-11 years, 49%, 11 years, 50%. There is no differential for working the night shift. *Chicago Sun Times*, Sept. 1, 1968, at 1.

⁴⁰ *Chicago Mun. Code*, § 28-22.

⁴¹ *Chicago Sun Times*, Jan. 10, 1959, at 5.

⁴² *Chicago Mun. Code*, § 28-22.

The approach to measuring the level of Checker and Yellow operations that seems to us most revealing is to use Yellow and Checker's gross revenue figures as a guide to their level of operations. In order to translate these gross revenue figures into a "full time" cab equivalent it is necessary to develop a figure for the annual gross revenue of a "full time" cab in the city. There are two firm outer limits for the range of such a figure. The lower limit is the \$15,000 annual revenue for a single shift computed above.⁴³ The upper limit is \$30,000 which should be the annual gross revenue for a cab operated on two full shifts. The only source for a more precise figure for the annual gross revenue of a "full time" cab is the operating data of the independent companies. The only data available for Checker and Yellow are aggregate data and it is clear that they operate less than all their licensed cabs. The independents, on the other hand, appear to operate all their cabs full time. Most independents report gross annual revenues of less than \$15,000. One company (the Highland Cab Co.) reports average annual earnings of \$24,247 per license.⁴⁴ It is difficult to believe that Highland would over-report its income. It is also difficult to believe that other independents accept substantially lower gross revenues, although there is some indication that Highland operates its cabs more intensively than other companies.⁴⁵ We have computed estimates of the average independent gross revenue for each license. The computations are detailed in Appendix I. The estimates are: \$16,900 (from International Taxi Ass'n. trip and passenger data, probably low); \$19,200 (from daily rental assuming 50-50 split with driver, probably low); \$20,500 (from ITA total mileage data) and \$25,990 (from total mileage estimates based on interviews). The figure of \$20,000 is a conservative estimate of the gross revenue per cab obtained by independent operators.

If the \$20,000 figure is divided into Yellow's 1968 revenue of \$18,858,416 the answer is 943 full time cabs out of 2,166 licenses (42.5 per cent). Checker's revenue of \$17,231,057 divided by \$20,000 yields 862 out of 1,500 licenses (57.4 per cent). This does not mean that Checker and Yellow operate only 1805 cabs. Unlike the independents, they have spare licenses and they can be expected to take advantage of whatever scheduling and operational flexibility those licenses provide. Checker and Yellow seem to feel that it is desirable to have 20 per cent of their cabs out of service at any one time. That would add 451 cabs to the number of licenses operated, a total of 2,256. If the 934 independent licenses are added, the total is 3,190 which would represent the number of full time cabs actually operated in the city. Perhaps not sur-

⁴³ See p. 296 *supra*.

⁴⁴ See Table 3, p. 314 *infra*.

⁴⁵ Highland reported that some of its cabs travelled 200,000 miles over a period of 1.5 to 2 years, while other independents reported their cabs covered the same number of miles in 2.5 years.

prisingly, this number is close to the number of cabs that Checker and Yellow have repeatedly insisted is optimum for the city.

This analysis of the number of unoperated licenses owned by Checker and Yellow indicates that the high license value accruing to independent licenses results not only from the ordinance which limits the number of licenses to 4,600 but also from the policy of Yellow and Checker to operate less than all their cabs in order to maximize the profitability of their operations. This is, of course, the expected strategy of a dominant firm free to set its own price. Since Checker and Yellow appear to be entitled to fare increases under the ordinance as written and have almost never been resisted in their applications for a fare increase, they would appear to be in this position.

Yellow and Checker have always been careful to present themselves not as a dominant firm but as a public service corporation. The reported profits of both companies have been marginal year after year (See Tables 1 & 2).

TABLE 1
REVENUES AND EXPENSES
Checker and Yellow Taxi Companies

	Yellow	Checker	Total
<u>1969</u>			
General Revenue			\$36,911,465.00*
General Expenditures			35,406,255.03*
Ratio			95.9%
<u>1968</u>			
General Revenue	\$18,858,416	\$17,231,057	\$36,089,473.00
General Expenditures	18,444,536	16,603,178	35,047,714.00
Ratio	97.7%	96.3%	97.1%
<u>1966</u>			
General Revenue	\$20,187,885	\$18,302,317	\$38,489,202.00
General Expenditures	19,197,222	17,541,540	36,738,762.00
Ratio	95.1%	95.8%	95.4%
<u>1964</u>			
General Revenue	\$19,312,568	\$18,256,500	\$37,569,068.00
General Expenditures	19,034,007	16,989,000	36,023,007.00
Ratio	98.5%	93.0%	95.8%

Sources: Financial data submitted to Public Vehicle Comm'n by Yellow and Checker. Yellow's Annual Reports.

* Only available figures for this time period.

Whether this is due to inefficiency or financial reporting which disguises the actual situation we do not know. Checker and Yellow purchase many of their

TABLE 2
REVENUES AND EXPENSES
Yellow Cab Company

	Revenues \$Million	Operating Expenses \$Million	Total Expenses \$Million	Ratio of operating expenses to Revenues (percentage)
1967	19.8	18.3	(18.8)	92
1966	20.2	18.7	(19.2)	92
1965	18.7	18.5	(19.0)	99
1964	19.3	18.6	(19.0)	96
1963	17.8	17.6	(17.9)	99
1962	15.7	16.0	(16.3)	100+
1961	15.8	15.6	(16.0)	99
1960	15.9	15.7	(16.2)	99
1959	15.6	15.9	(16.2)	100+
1958	15.1	15.3	(15.7)	100+
1957	12.5	13.1	(13.5)	100+
1956	11.1	11.6	(11.9)	100+
1955	11.5	11.8	(12.1)	100+
1954	12.7	13.1	(13.4)	100+
1953	13.2	14.0	(14.3)	100+
1952	12.9	13.1	(13.5)	100+
1951	12.5	12.5	(12.9)	100+

Source: Yellow Cab Co. Annual Reports.

services and materials from affiliated companies.⁴⁶ We were unable to discover whether those companies profit from their business with Checker and Yellow. It is clear that Checker and Yellow bear the expense of paying license fees on unused cabs and perform some special services for the Vehicle Commissioner.⁴⁷ The fact most embarrassing for this public position of indigence is the value of the independent licenses. How can Checker and Yellow do so poorly if people are willing to pay so much for the right to engage in their business? This point was raised in the 1965 hearings of the Committee on Local Transportation of the City Council. Robert Samuels, then president of Yellow, answered:

We have never placed a value on these licenses [In 1957 when Samuels was of counsel in important litigation before the Illinois Supreme Court he stated: "Chicago taxicab licenses are worth and are currently transferred for approximately \$10,000 each."⁴⁸] because it has always been our attitude that these licenses belong to the City of Chicago. . . . [In 1961 Checker and Yellow successfully chal-

⁴⁶ See Charts I to IV.

⁴⁷ See pp. 303-04 *infra*.

⁴⁸ Appellant's Petition for Leave to Appeal at 2, *People ex rel. Hafer v. Flynn*, 13 Ill. 2d 368, 150 N.E.2d 183 (1958).

do not cruise the streets but rather are dispatched to pick up passengers by prearrangement.⁹⁷ They became important only after the introduction of the telephone. No license was required for livery until the ordinance of 1905,⁹⁸ and then only as a revenue measure. Although the cab provisions of the ordinance had always applied, to quote the 1905 ordinance, to "vehicles used anywhere within the city for the carrying or conveying of persons for hire or reward,"⁹⁹ this was understood not to apply to liveries. The Code of 1866 specifically exempted liveries from the licensing requirements,¹⁰⁰ and the exemption was continued in the Code of 1873.¹⁰¹

Although the 1890 code did not specifically exempt liveries,¹⁰² an annotation referred to an 1885 case which held that such an ordinance did not apply to livery operators. The court found that the defendant in that case "was in no legal sense a common carrier" when, as the owner of a livery stable, he hired two of his teams to another person "to be used for the temporary purpose of hauling a quantity of ice." The court held that the defendant "was not within the terms or spirit of the ordinance."¹⁰³ The apparent reason was that in the livery case, the vehicle was not used to carry passengers or goods for hire, but rather was rented to persons who used it themselves.¹⁰⁴ Whatever the shakiness of this concept, the functional basis of the distinction seems clear. The person who is in a position to call for a car is in a position to call any number of firms. He can read their advertisements, sample their rates. If he has the foresight to call he is probably informed, and if he is in a position to call, he has a choice. In short, there is no problem of lack of competition and hence no need for rate regulation.

The protective scheme of the early ordinances suffered from one serious defect. It could not prevent misrepresentation to the uninformed as to the distance actually travelled. The Code of 1866 dealt with this problem in part by providing "that the distance from any railroad depot, steamboat landing or hotel, to any other railroad depot, steamboat landing or hotel, to any other railroad, steamboat landing or hotel, shall in all cases be estimated at not

⁹⁷ The present ordinance, Chicago Mun. Code § 28-1 (n), defines a livery vehicle as "a public passenger vehicle for hire only at a charge or fare for each passenger per trip or for each vehicle per trip fixed by agreement in advance."

⁹⁸ Chicago Mun. Code, ch. 69 §§ 2367-2377 (1905).

⁹⁹ *Id.* at § 2261.

¹⁰⁰ Chicago, Laws & Ordinances, ch. 47 § 1 (1866).

¹⁰¹ *Id.* at ch. 54 § 1 (1873).

¹⁰² *Id.* at ch. 5 § 1679 (1890).

¹⁰³ *Havana v. Vanlaningham*, 17 Ill. App. 63 (1885).

¹⁰⁴ Although the *Havana* case involved carriage of goods, the reasoning applies also to carriage of persons for hire. See *Terminal Taxicab Co. v. Kutz*, 241 U.S. 252 (1916) for an elaboration by Justice Holmes.

exceeding one mile."¹⁰⁵ As Chicago became larger, this solution became impossible. The taximeter, however, provided an answer to this problem and in 1909 the Council provided for inspection and certification of taximeters by the Department of Weights and Measures,¹⁰⁶ a function now taken over by the Vehicle Commissioner.¹⁰⁷ The Code of 1922 required a taximeter.¹⁰⁸

C. *Traffic Congestion*

Cabs present a special problem for traffic flow because in the process of picking up or discharging passengers they may obstruct other traffic. The basic approach of the Chicago ordinance has been to designate specific areas as hack stands. From an early date the ordinances required the driver to remain with his cab and forbade disorderly conduct "to the annoyance or disturbance of citizens or travelers."¹⁰⁹ The Code of 1922, which established the most detailed regulation of this type, went further and provided that "only the driver, sitting in the driver's seat, can solicit passengers on the streets or in public places."¹¹⁰ It also allowed cabs to stand at public places of amusement from 15 minutes before the conclusion of the performance, at railroad stations and public boat landings, and on all streets on Sunday and everyday between the hours of 6:30 p.m. and 6:30 a.m. where the police superintendent judges that local traffic conditions will permit. At other times cabs could park only at hack stands.¹¹¹ The declining level of taxicab service apparently made this prohibition—which required the determination for many areas that local traffic conditions would permit the location of cab stands—unduly complex so the present ordinance simply prohibits the cab driver from stopping, standing, or parking "such vehicle upon any business street, or in any block of any other street where a taxicab is already parked, at any place other than in a taxicab stand, except for the expeditious loading and unloading of passengers or when necessary to avoid conflict with other traffic or in compliance with the directions of a police officer or a sign or signal."¹¹² Some cab stands still exist under the current Code. The law on solicitation has been relaxed to simply prohibit the chauffeur from joining "in any assembly or crowd of person upon any public way" and requires him to remain "in the immediate proximity" of his vehicle.¹¹³

¹⁰⁵ Chicago, Laws & Ordinances, ch. 47 § 7 (1866).

¹⁰⁶ Chicago Code of 1911, ch. 79 § 2657.

¹⁰⁷ Chicago Mun. Code, § 28-25.

¹⁰⁸ Chicago Mun Code, ch. 85 § 3956 (1922).

¹⁰⁹ *Id.* at § 3981.

¹¹⁰ *Id.*

¹¹¹ *Id.* at § 3982.

¹¹² Chicago Mun. Code, 27-27b(d).

¹¹³ *Id.* at § 28.1-11.

The most difficult problems of cab movement occur around terminals and other places where large numbers of persons arrive and depart by cabs in a short period of time. In Chicago, the railroad terminals have their own regulations for the movement of cabs to pick-up areas. At the airports, owned and operated by the city, the movements of cabs is governed by the ordinance and regulations promulgated by the Vehicle Commissioner.¹¹⁴ The 1922 Code contained a special provision for other places where cabs might be expected to congregate by providing that no driver "shall seek employment by repeatedly or persistently driving his vehicle to and fro in a short space" before "any place of public gathering," but permitting the driver to pass and repass "provided that after passing such public place he shall not turn and repass the same until he shall have gone a distance of two blocks. . . ."¹¹⁵

D. *Vehicle Standards*

The present ordinance provides that "if any public passenger vehicle shall become unsafe for operation or its body or seating facilities shall be so damaged, deteriorated or unclean as to render said vehicle unfit for public use, the license therefor shall be suspended by the commissioner."¹¹⁶ The concern of Chicago's regulators with the condition of the vehicle seems to have been more appearance than safety oriented. The regulation requires no special safety devices on cabs and when the drivers recently demanded that all cabs be equipped with a partition to protect drivers against assaults, they went to the state legislature¹¹⁷ not the Vehicle Commissioner to obtain it. The spirit of the Commissioner's concern is perhaps best captured in the 1968 Annual Report where a page is dedicated to two pictures of Yellow cabs with bent fenders before a grim-faced inspector. "Two rejects," reads the cutline, "at one of the fleet garages where inspections are made."¹¹⁸ No regular maintenance of cabs is required. The Commissioner does run a regular check to insure that no licensed vehicles are more than 5 years old,¹¹⁹ but any regularly used cab would be inoperable long before that. Appearance and condition was not originally a concern of the regulation, apparently on the assumption that passengers could decide for themselves whether or not a cab's condition was such that they wished to ride within it. The Code of 1905, however, created a "board of inspectors" whose duties included the obligation "to make or

¹¹⁴ *Id.* at 28-28.1; Public Vehicle License Commiss'ner, Ann. Rep. at 9 (1962).

¹¹⁵ Chicago Mun. Code, ch. § 3981 (1922).

¹¹⁶ Chicago Mun. Code, § 28-14.

¹¹⁷ Ill. Rev. Stat. ch. 95½ § 441, Pub. Act 76-1054, eff. Aug. 28, 1969. See Chicago Daily News, Aug. 22, 1968, at 1; Chicago Sun Times, June 24, 1969, at 1; Chicago Tribune, Aug. 28, 1969, at 1.

¹¹⁸ Public Vehicle License Commiss'ner, Ann. Rep. at 6 (1968).

¹¹⁹ Project interview with Public Vehicle License Commiss'ner, James Carter.

cause to be made a daily inspection of every cab and hack stand within the city, for the purpose of noting the condition of the vehicles licensed hereunder and of the horses attached thereto and the drivers thereof."¹²⁰ It is perhaps of interest to a city that its public vehicles, as its public places, should appear in good order and condition. But it is difficult to place the concern at a very high level of priority.

E. *Driver Standards*

The licensing and regulatory provisions of the ordinances reveal concern with driver crime. Drivers have considerable power over their passengers because of their control of the vehicle. An unsuspecting passenger who enters a taxi, particularly one who is physically weak or unfamiliar with the city, can be quickly transported to an out of the way place where robbery or rape can be committed by the driver without difficulty.¹²¹ Secondly, drivers are in an advantageous position to solicit customers for gambling and vice operations. The approach of the Chicago regulation has been to deal with these problems first by requiring a character investigation of drivers, second, by a system of registration and identification of drivers to make them easier to identify if they commit a crime, and third, by prohibiting drivers from soliciting patronage for restaurants, bars, hotels, or brothels. Drivers, however, are not prohibited from providing information about these facilities. The system appears to work: the principal problem of taxi crime in Chicago today seems to be assaults on, not by, drivers.

Each driver of a public passenger vehicle under the present ordinance is required to have a public chauffeur license from the city in addition to the regular state chauffeur's license. The key provision of the ordinance is the requirement that "the character and reputation of each applicant shall be investigated under the supervision of the captain of the police district in which the applicant resides, and a report of such investigation containing any facts relevant to the character and reputation of the applicant shall be forwarded by the captain to the commissioner of police, who shall forward the same to the Commissioner together with his recommendation. If the Commissioner shall be satisfied that the applicant is of good character and reputation and is a suitable person to be entrusted with driving a public passenger vehicle, he shall issue the license."¹²²

Although some of the requirements of the ordinance—for instance that the applicant be of sound physique—might be considered overly restrictive, the

¹²⁰ Chicago, Laws & Ordinances, ch. 69 § 2260 (1905).

¹²¹ New York has recently encountered such difficulties. *New York Times*, Sept. 10, 1969.

¹²² Chicago Mun. Code, § 28.1-4.

Commissioner, perhaps in part because of pressure from the companies for drivers, seems not to have been overly restrictive in his interpretation. The present ordinance is certainly less restrictive than that of the Code of 1922 which, among other things, required the applicant to produce "affidavits of his good character from two reputable citizens who have known him personally and observed his conduct during one year preceeding the date of his application."¹²³

The key to the identification system is the requirement that each applicant submit pictures and fingerprints.¹²⁴ The fingerprints permit accurate checking for a criminal record. The picture is affixed to the license which the driver is required to display in the vehicle he is driving. If the passenger makes the effort, he can use the picture to insure that the license is in fact that of the driver, and from the license learn the driver's name. Whether or not many passengers do this, the system does to some extent give drivers the feeling that their identity is known.

In the early ordinances, different devices were used. The Code of 1873, for instance, required the driver to carry printed cards with his name, place of residence and the number of the conveyance on it, in addition to the fares, and to hand a card to each passenger.¹²⁵ As long as the passenger had the card in his possession, identification was easy. In addition, the Code provided that a driver should be licensed only to drive particular vehicles,¹²⁶ and that no more than one driver should be licensed for each vehicle.¹²⁷ As a result, a passenger who could identify the vehicle would enable the police to identify the driver. The requirement of individual cards was dropped by the time of the Code of 1890;¹²⁸ the requirement of one driver for one vehicle was dropped for automobiles in the Code of 1911.¹²⁹

F. *Financial Responsibility.*

The Chicago regulation has never taken great interest in the problem of financial responsibility. Although early ordinances required owners and later drivers to post bonds, their aim was principally to indemnify the city "for penalties and damages . . . under any by-law or ordinance of the city of Chicago."¹³⁰ In 1911, the ordinance was changed to make the bond of \$100

¹²³ Chicago Mun. Code, ch. 85 § 3921 (1922).

¹²⁴ Chicago Mun. Code, § 28.1-6.

¹²⁵ Chicago, Laws & Ordinances, ch. 54 § 8 (1873).

¹²⁶ *Id.* at § 5.

¹²⁷ *Id.*

¹²⁸ Chicago, Laws & Ordinances, ch. 5 § 1694 (1890).

¹²⁹ Code of 1911, ch. 79 §§ 2558, 2593.

¹³⁰ Chicago, Laws & Ordinances, ch. 47 § 1 (1866).

TABLE 3
1968 FINANCIAL DATA, CHICAGO CAB COMPANIES, ON PER CAB BASIS

	Total Revenue	Total Expenditures	Profit	Depreciation	M&R	PLI	Property Tax
Yellow (2166)	\$ 8,707	\$ 8,515	\$ 192	\$ 651	\$ 611	\$ 632	\$ 85
Checker (1500)	11,487	11,069	418	967	52	847	72
Weighted Average of Checker and Yellow	9,844	9,560	284	780	392	720	79
Public Taxi							
Service (103)	9,008	8,170	839	1,095	477	1,963	N/A
Morgan and #2 (34)	11,930	11,238	692	661	3,849	1,615	52
Hardin (21)	3,333	2,683	650	274	476	1,506	—
Highland and #2 (18)	24,247	23,321	926	1,311	3,098	1,506	84
Dalgre (12)	4,491	4,505	—14	500	2,191	1,500	—
American (7)	9,157	6,995	2,162	897	1,776	1,505	25
Three Owners of three (9)	4,314	4,095	219	1,040	943	1,560	—
Seven owners of two (14)	5,724	4,329	1,395	331	1,459	1,548	—
Seventeen owners of one (17)	8,813	6,975	1,838	1,117	1,758	1,361	270

Source: Public Vehicle Comm'n data filed by licensees for 1968.

"payable to the city of Chicago, for the use of any person who may be injured or damaged or aggrieved by any neglect or refusal of such license to observe and obey the ordinances and regulations (of the city)."¹³¹ But it was not until the state enacted a financial responsibility law in 1921¹³²—requiring a \$10,000 bond or insurance policy per vehicle—that cab patrons began to get adequate protection. After encountering constitutional difficulty,¹³³ the statute was reenacted in 1923 to require a \$2,500 bond or insurance policy.¹³⁴

The city required nothing more than the state even when, in the early 1930's, complaints about insolvent owners and operators increased. Instead, in 1934, the City Council passed a resolution stating:

Whereas, One of the most important provisions customarily contained in taxicab laws and ordinances is that of requiring taxicab operators to carry public liability insurance . . . Not only does this protect the public from loss due to accidents in which taxicabs may be involved, but it also tends to eliminate financially irresponsible taxicab operators, who are often unable, because of financial or other reasons, to secure the necessary insurance coverage . . . the City Council . . . respectfully request . . . the members of the State legislature to change the State law of Illinois so as to provide the following liability limits per taxicab: [\$5,000.00/5,000/1,000].¹³⁵

In 1951 the city itself amended the ordinance to require liability insurance in the amount of \$50,000/100,000,/5,000.¹³⁶ These limits remain in effect. The 1951 ordinance required that the insurance company must be qualified to transact insurance business in the State of Illinois and that the insurer must have a net worth of at least \$1 million.¹³⁷ Less than two months later the ordinance was revised, eliminating the net worth requirement.¹³⁸ This may have been done to permit Checker and Yellow to satisfy the requirements of the ordinance by means of their own mutual insurance companies. This they have done, Yellow through the Calumet Mutual Insurance Company and Checker through the City Mutual Insurance Company. This device enables Yellow and Checker to maintain control over the assets set aside for

¹³¹ Code of 1911, ch. 79 § 2559.

¹³² Motor Vehicle Law, §§ 42a-42d, 1921 Ill. Laws 580.

¹³³ *People v. Kastings*, 307 Ill. 92, 138 N.S. 269 (1923).

¹³⁴ *Motor Vehicles—Carrying Passengers for Hire*, [1923] Ill. Laws 542, upheld in *Weksler v. Collins*, 317 Ill. 132, 147 N.E. 797 (1925).

¹³⁵ *Chicago City Council Journal*, May 18, 1934, at 2273-74.

¹³⁶ *Id.* Dec. 20, 1951, at 1598.

¹³⁷ *Id.*

¹³⁸ *Id.*, Jan. 30, 1952, at 1922.

insurance purposes. In 1968 the policyholder's surplus of each company was around \$1,000,000.¹³⁹

IV. THE IMPOSITION AND DEFENSE OF ENTRY CONTROLS: 1929-1970

The use of the automobile as a public passenger vehicle appears to have expanded rapidly until about 1929. Early sales of automobiles were to two markets: the affluent pleasure market and the taxicab market. The first motorized taxi service was begun in New York City in 1896 with electric cabs.¹⁴⁰ We have been able to compile a fairly reliable series of the number of taxis actually operated in Chicago from 1929 on. The series is set forth in Table 4. The decline is steady, with the exception of the post-World War II

TABLE 4
TIME SERIES, NUMBER OF CHICAGO CABS

Year	Regular Licenses	Temporary Licenses	Illegal Operators	Liveries
1929	5289			
1934	4108			
1937-1945	3000			
1946	3000	275 ^a	1020-2200 ^b	1300 ^c
1947	3000	275	1200 ^c	
1948-1950	3000	950		1328
1951	3000	950		1341
1952	3761			510
1954	3742			427
1959-1968	4600			372-327
1969	4600		300+ ^d	327

Notes and Sources:

^a Chicago City Council, Journal, Feb. 28, 1966, at 5166.

^b *Chicago Daily News*, November 1946, editorial.

^c Chicago City Council, Journal, Sept. 10, 1947, at 852.

^d *Chicago Tribune*, Feb. 23, 1969, § 7 (Magazine), at 24.

^e Public Vehicle Comm'n, Annual Report.

period when a shortage of private passenger cars led to a resurgence of demand.¹⁴¹ Initial efforts to control entry into the taxicab industry came from

¹³⁹ Files of Illinois Dep't of Insurance, Chicago Offices.

¹⁴⁰ William Greenleaf, *Monopoly on Wheels: Henry Ford and the Selden Automobile Patent 55-57* (1961).

¹⁴¹ Ross D. Eckert, *Regulatory Commission Behavior: Taxi Franchising in Los Angeles and Other Cities* (University Microfilms, Unpublished Ph.D. Thesis 1968), reports that the number of licenses in 34 entry regulated cities increased by 1,071 or 3% between 1955 and 1967. *Id.* at 174-75. Without the increase of 1,600 licenses in Chicago

the operators of mass transit rail facilities who correctly viewed the automobile as a threat to their business. They attempted to secure protection by persuading utility commissions and the courts that public service automobiles required a certificate of public convenience and necessity. In Illinois mass transit firms secured an initial success when the Illinois Commerce Commission held that jitneys following a fixed route parallel to an established mass transit line required a certificate, but were rebuffed when they attempted to extend the precedent to the Yellow Cab Co. of Chicago.¹⁴² The Illinois Commerce Commission has played no further role in the regulation of taxicabs in Chicago, except for a brief episode in the period 1948 to 1951 when it held, at the behest of an association of merchants along South Park (now King Drive), that the jitneys on South Park were illegal because of the lack of a certificate.¹⁴³ When no one came forward to enforce the order, the merchants took the Commission, the attorney general, the mayor, the police commissioner, the public vehicle license commissioner and the Chicago Park District (which had jurisdiction over the parkway) to court in a mandamus proceeding. The Attorney General answered that the problem was one for local law enforcement officials to handle; the city said that South Parkway was under the jurisdiction of the Park District; the Park District claimed that it was without authority to enforce an order of the Illinois Commerce Commission. All defendants were, however, able to agree that mandamus was an improper remedy.¹⁴⁴ Apparently the litigation was pursued no further, perhaps because the city's policy, which will be discussed below, of squeezing out the irregular operators who had appeared after World War II was by then (1951) working sufficiently well to satisfy the merchants, or by then the merchants had accepted the changing nature of South Park.

The initial reaction of the taxi industry was, of course, to oppose legal limitations on its growth. But by 1929, when the National Association of Taxi Operators passed a resolution favoring entry controls, the established operators had set upon a policy of obtaining entry limitations.¹⁴⁵ The mass

there would have been a decrease. Eckert acknowledges that the number of licenses does not necessarily correspond to the number of operated cabs. This study shows that there are a substantial number of unutilized cab licenses in Chicago. See p. 298 *supra*.

¹⁴² *Newcomb v. Yellow Cab Co.*, P.U.R. 1916 B 983 (Ill. Pub. Utilities Comm'n 1916). The earlier case was *Jacksonville R. Co. v. O'Donnell*, P.U.R. 1915 C 853 (Ill. Pub. Utilities Comm'n 1915).

¹⁴³ *South Parkway Improvement Ass'n v. Morgan*, 28 Ill. Com. Comm'n Opinions 356 (1948). It is not clear why the merchants were concerned. An abundance of jitneys should have facilitated access to their stores. On the other hand, the traffic generated may have detracted from the shopping atmosphere on the street. The litigation may have also been related to the changing racial character of the Parkway.

¹⁴⁴ *Chicago Sun Times*, Sept. 12, 1951 at 16.

¹⁴⁵ *New York City*, Report of the Mayor's Comm'n on Taxicabs, Sept. 23, 1930, at 47.

transit operators became interested but largely passive bystanders. Echoes of the early efforts were apparent when in July of 1970 *Chicago Today* reported with what must have been feigned surprise that illegal jitney operations were taking business from the financially troubled, publicly owned, Chicago Transit Authority. "The CTA," reported *Chicago Today*, "has complained to the police and Public Vehicle Commissioner James Y. Carter, a spokesman for the debt-ridden facility said. . . . Carter says there are no jitney cabs operating in Chicago. I closed down the last jitney operation three years ago," the Commissioner said. "There are no jitneys operating in Chicago now. Every taxi on the street is licensed by my office."¹⁴⁶ What Carter means is that there are no unlicensed cabs operating as jitneys anymore.

The resolve of the taxi owners to obtain entry controls in 1929 bore fruit quickly. Morris Markin, President of Checker Motors, pursued the policy with particular energy moving simultaneously in New York, Chicago, Minneapolis and Pittsburgh to unify control of the large operators while obtaining the introduction of entry controls in both Chicago and New York.¹⁴⁷ Although the drive for entry controls was justified by reference to the public interest, the clear motive was lower costs and higher prices. In Chicago, the effort proved more difficult than first appeared. On July 1, 1929 a representative of Checker testified that entry limitation would stop taxi wars caused by too many cabs and Yellow testified that limitations were necessary to insure financial responsibility. "That's the only thing," the Yellow representative assured the Council, "Yellow cab is interested in."¹⁴⁸ Alderman Toman, sponsor of the ordinance, somewhat prematurely assured the Committee that the ordinance "is practically a copy of an ordinance that is being passed in every large city in the United States" and incorrectly explained that the Vehicle Commission was unable, under existing law, to reject an applicant because of the poor condition of his vehicle. The proposed ordinance required an applicant for a license other than by renewal "to establish by clear, cogent and convincing evidence which shall satisfy the said Public Vehicle License Commission beyond a reasonable doubt, that public convenience and necessity require such operation of the vehicle."¹⁴⁹ The Council Journal reports that the ordinance passed the Council unanimously on September 25,

¹⁴⁶ *Chicago Today*, July 13, 1970, at 1.

¹⁴⁷ *Chicago Tribune*, July 21, 1932, at 5; New York City, *supra* note 145, at 46; See also Complaint at 3, 10 *United States v. Yellow Cab Co.*, No. 46 C#1339 (N.D. Ill. 1946); 332 U.S. 218 (1947).

¹⁴⁸ Testimony of Yellow's President Benjamin Samuels, Hearings on the Reduction in the Number of Taxi Licenses, Chicago City Council Comm. on Local Transportation, July 1, 1929, at 74, 90.

¹⁴⁹ Hearings on the Reduction in the Number of Taxi Licenses, Chicago City Council, Comm. on Local Transportation, July 1, 1929, at 29, 81.

1929. The papers made no mention of it, a fact of importance since some aldermen were later to claim that they had never heard of the ordinance. Interestingly enough, the *Tribune* of the 26th did report that an ordinance authorizing the construction of a sewer had almost been slipped by the Council, stopped only by an attentive alderman who detected the presence of the ordinance, not listed in the printed agenda, on the final oral reading. The *Tribune* was later to explain that the taxi ordinance had been hidden in an omnibus bill which was routinely passed at the end of the session.¹⁵⁰ The ordinance was quickly challenged as unconstitutional, but upheld by both the state and federal courts.¹⁵¹ The Vehicle Commissioner denied all further applications for licenses since no applicant stood prepared to satisfy the burden of showing public convenience and necessity.¹⁵²

The entry ordinance was omitted from the Chicago Code of 1931, perhaps as a result of the irregular fashion in which the ordinance had originally been passed. The Council had passed the Code and had thus repealed the ordinance by implication, a situation it moved quickly to correct. The ordinance was again passed on April 14, 1932.

These events had aroused the interest of the press and unfavorable stories began to appear. On July 18, 1932, the *Tribune* ran a story under the headline "Chicago's Taxi Rates Highest of Big U.S. Cities." The next day the headline was "Taxi Monopoly Bill Revived," a discussion of a proposal to limit the number of authorized licenses still further, to 4,600 and to raise the ordinance fares. Testimony before the Local Transportation Committee on July 20 did not quiet the furor, but only gave the *Tribune* an opportunity to discuss Yellow's connection with the reported corruption in New York.¹⁵³ Whatever substance there was to these attacks, they were sufficient to turn the Council around. On July 28, amid threats on the Council floor to reveal "some of Yellow's Christmas presents"¹⁵⁴ the entry limitation was repealed. Alderman Nelson, sponsor of the repealer, told the *Tribune* that he wished to do away with the limitation on the number of cabs in order to do away with the monopoly. The repeal was followed in September by an ordinance reducing the ordinance rate of fare to bring it more nearly in line

¹⁵⁰ Chicago Tribune, Oct. 29, 1932, at 5.

¹⁵¹ *People ex rel. Johns v. Thompson*, 341 Ill. 166, 173 N.E. 137 (1930); *Capital Taxicab v. Cermak*, 60 F.2d 608 (N.D. Ill. 1932).

¹⁵² In New York Markin's program ran into serious difficulty. After a special commission appointed by Mayor Walker had recommended entry controls and praised the virtues of "unified" systems in its Report of Sept. 23, 1930, it was learned that Walker had accepted stock, including shares in the Parmalee Transportation Co., the parent of Chicago Yellow, in exchange for a promise to push for a limitation on the number of taxi licenses. Chicago Tribune, July 21, 1932, p. 5.

¹⁵³ Chicago Tribune, July 21, 1932 at 5.

¹⁵⁴ Chicago Tribune, Oct. 29, 1932 at 5.

with the actual going rate. The newspapers, having disposed of the monopoly, dropped the story.

The story, however, was not that simple. To judge by a contemporary memorandum written by Alderman Toman, the sponsor of the 1929 entry ordinance, the Public Vehicle Commission did not proceed to grant new licenses even though the ordinance had been repealed. In the memo, Alderman Toman noted that the Public Vehicle Commission had before it "several . . . applications . . . from companies proposing to operate large fleets of taxicabs in Chicago on a schedule of rates (15 cents and 5 cents) radically lower than any rates that had ever been in effect in Chicago."¹⁵⁵ Toman, summarizing testimony before a subcommittee of the Council, directed his arguments not to the dangers of entry but to the harm of fare competition, apparently because he still considered the entry problem taken care of. But Toman's arguments were apparently unavailing, for in June of 1933 the Council cut the ordinance rate of fare again. The prevailing rate of fare went even lower, and Toman's feared 5 cent per third of a mile rate became a reality. The 1933 fare reduction, however, was accompanied by an ordinance creating a new Public Vehicle License Commission and a resolution directing the Commission to investigate the desirable level of fares and the number of cabs. The Commission reported on April 25, 1934. It reported that with the close of the Century of Progress Exposition in November of 1933, taxicab operators were losing money. How did it know? By means of "reliable data as to cost of operations under normal conditions . . . available only from the books and records of Yellow Cab Company."¹⁵⁶ The Commission recommended that ordinance fares should be minimums, not maximums, to prevent fare competition, although it confessed that it could not determine the optimal level of fares. The Commission concluded that no new licenses should be issued and reported that "we have accordingly authorized the issuance of 4,108 taxicab licenses," the number outstanding on December 31, 1933, and a number less than the number originally authorized by the limitation ordinance of 1929. The Commission did not explain the source of its legal authority to impose this limitation. However, a new ordinance incorporating the recommendations of the Commission was quickly drawn up and passed, the only objection from the newspapers being that a three-man commission was unnecessarily expensive.¹⁵⁷ The Commission was obligingly reduced to a Commissioner, and the ordinance passed unanimously on May 18, 1934, imposing minimum fares and requiring a showing of public convenience and necessity by new applicants for licenses.

¹⁵⁵ John Toman, *supra* note 79.

¹⁵⁶ Chicago City Council Journal, April 27, 1934 at 2070.

¹⁵⁷ Chicago Daily News, May 18, 1934 at 1.

How was a policy that was publicly discredited in the summer of 1932 adopted without noticeable dissent in the spring of 1934? The paramount factor must have been the course of national politics. By 1934 Franklin Roosevelt was in the White House and the National Recovery Act with its trickle down theory of prosperity was law. Under the authority of the Act, American industry was proceeding to cartelize itself by restricting output and raising prices.¹⁵⁸ When national policy decreed the desirability of limiting the competition faced by industrial giants, then why should not the same thing be done for the Chicago taximan?¹⁵⁹

The truths of the N.R.A. were still apparent in Chicago in the spring of 1934. The Vehicle Commission, indeed, felt little need to support its conclusion that "competition among operators and drivers of taxicabs is injurious to the public service, tends to reduce the compensation of taxicab drivers below the minimum wage required for decent living and is a menace to the safety of passengers and pedestrians and vehicular travel upon the streets."¹⁶⁰ The New York Commission, reporting in 1930, and Alderman Toman, writing in 1932, had considered it necessary to justify these conclusions at length. Their explication of the arguments makes them easier to evaluate.

The basic argument for entry control was the trickle down theory. Limiting competition by preventing new entry and imposing minimum fares would make operating a taxicab more profitable. These profits would then trickle down from the operators to the drivers, who would then find it easier to make an adequate living. As a result, drivers would be under less pressure and could drive fewer hours and more safely. No evidence was offered that taxicabs were in fact particularly unsafe and indeed the New York Commission concluded that, although involvement of taxicabs in accidents was disproportionate to their number, taxicabs were safer than other vehicles on a per mile driven basis.¹⁶¹

The connection between operator and driver profits in the taxicab industry is intuitively obvious because of the institution of the percentage commission contract. But why should the commission rate stay the same when fares increase? If the compensation actually paid drivers was sufficient to attract drivers in the existing labor market, why should the operators pay more because they are making more? Indeed, if the number of operating cabs is reduced, why shouldn't they pay less since their need for labor is reduced?

¹⁵⁸ Ellis W. Hawley, *The New Deal and the Problem of Monopoly*, 36-7 (1966).

¹⁵⁹ On a proposed NRA Code for taxicabs, see 13 Pub. Util. Fort. 357 (1934). See also, "The Analogy between the Unregulated Taxicab and the Saber-toothed Tiger," 10 Pub. Util. Fort. 278 (1932).

¹⁶⁰ Chicago City Council Journal, April 27, 1934 at 2069-70.

¹⁶¹ New York City, *supra* note 145, at 12, 27.

There might be driver resistance to a move as visible as cutting the percentage commission. If the drivers were organized in an effective union they might be able to stop such changes or even to impose a higher rate. But taxi drivers in Chicago were not even unionized in 1934. The way to increase the compensation of drivers would be to limit not the number of taxicabs, but the number of drivers. The New York Commission recognized this argument but responded as follows:

[The] . . . excess of drivers licensed is an obstacle to the safe and efficient operation of the taxicab industry. It is an evil principally because it tends to take away from drivers all sense of security in their jobs or of the dignity and responsibility of their calling. But it is questionable whether it would be possible for outside authority to limit the number of drivers without at the same time curtailing the supply of drivers necessary to enable fleet operators to keep their cabs consistently in operation. Even today with the seeming oversupply of drivers the larger fleet operators assert that it is difficult to secure enough drivers to handle the cabs which they would keep on the streets during the weekends.¹⁶²

In other words, limitation of the number of drivers was not appropriate because it would interfere with the operator's profits!

Two problems were stressed by Alderman Toman and the New York Commission to show the undesirability of unrestricted competition: financial responsibility and traffic congestion. Financial responsibility was the problem that had been relied on by Yellow in 1929. Alderman Toman wrote:

The records of cab companies show large numbers of injury claims, which far exceed the limit of insurance required under state law, which can only be taken care of through generous reserves set up for that purpose, and that the history of cut-rate operation in general has been that adequate claim reserves cannot be and are not set up; but on the contrary, that most cutrate operations have only endured for the period of time during which it was possible to stave off payment of claims arising by contesting them in the courts and that when their claims were finally reduced to judgments the cut-rate companies went out of business, leaving behind their unpaid claims.¹⁶³

Because taxicabs are intensively operated, liabilities for damages to passengers and others are a significant part of their costs. Independent taxicabs in Chicago today pay insurance premiums of \$1,500 per year,¹⁶⁴ or about seven and one-half per cent of their gross revenues. Delay in litigation would make it possible to operate for a period of time without ever paying this significant

¹⁶² *Id.* at 18.

¹⁶³ John Toman, *supra* note 79, at 7.

¹⁶⁴ Revenue and expense data submitted to Public Vehicle Commission. See Table 3. Corroborated by interviews with licensees.

item of expense, if no insurance were required. If there is free entry, a single operator can simply abandon his bankrupt corporation and obtain a license for another. This device can be used in fields other than taxicabs and the common law has, too infrequently, "pierced the corporate veil" to deal with egregious cases.¹⁶⁵ Entry regulation may inhibit use of the tactic because the operator cannot easily reenter the industry if the bankrupt corporation is the licensee. The ordinance of 1934 was apparently responsive to this problem, requiring that "Every licensee shall pay each judgment or award rendered against such licensee by any court or commission of competent jurisdiction within sixty days after such judgment or award shall become final and not appealable."¹⁶⁶ But the ordinance did not require that the licensee himself operate the vehicle nor did it impose liability upon the licensee for the actions of an independent contractor driver. Thus, at least in theory, a device remained open for avoiding liability by arranging for a succession of independent contractors to operate the cab.

Yellow's concern for financial responsibility was itself brought into question in 1933 when it was alleged that Yellow followed the regular practice of removing its cases to federal court in order to take advantage of the greater delay then prevailing there to postpone settlement.¹⁶⁷ Although Yellow as a large company with attachable assets could not take advantage of procedural delays to escape payment altogether, it could take advantage of the delay to capture the earnings on the capital during the period of delay. Checker, too, apparently did not behave in an exemplary fashion. Alderman Toman specifically named the DeLuxe Cab Company as one of the companies that had gone out of business with unpaid judgments. But DeLuxe, in 1929 the third largest cab company in Chicago with 400 licenses, was defunct because it had been purchased by Morris Markin (through Checker and Parmalee), who then proceeded to suspend its operations.¹⁶⁸

The problem of financial responsibility of Chicago cabs was, and is, attributable not to "competition" but to the failure to require reliable insurance

¹⁶⁵ "[A] corporation will be looked upon as a legal entity as a general rule, and until sufficient reason to the contrary appears; but when the notion of legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law will regard the corporation as an association of persons." *United States v. Milwaukee Refrigerator Transit Co.*, 142 F. 247, 255 (E.D. Wis. 1905). For a recent leading case involving an unsuccessful effort to pierce the veil of a group of taxicabs operating companies, see *Walkovszky v. Carlton*, 18 N.Y.2d 414, 223 N.E.2d 6 (1966).

¹⁶⁶ Chicago City Council Journal, May 18, 1934 at 2271-72.

¹⁶⁷ Letters to the Chicago Corporation Counsel's Office, from Attorney William C. Napiev to the Corporation Counsel (Sept. 16, 1933) and to Mayor Kelly (Sept. 7, 1933), citing articles on Yellow's stalling tactics in the *Herald Examiner*.

¹⁶⁸ Complaint at 14-15, *United States v. Yellow Cab Co.*, No. 46 C #1339 (N.D. Ill. 1946); 332 U.S. 218 at 222 (1947).

coverage. Even in 1970, after entry had been barred for thirty years, when the right to do business was worth more than \$15,000 and insurance was required by the ordinance, financial responsibility remained a problem among independent Chicago taxis. Illinois has, in the 1960's, seen the rise and too frequent fall of small, locally promoted automobile liability insurance companies. The fall of these companies has been in some cases accompanied by financial mismanagement and suspected embezzlement. It is tempting for promoters of such companies to pursue the same scheme as that once pursued by some small cab operators: to begin business; to live off the income stream thus generated; and to disappear before the judgment creditors discover that the company's assets are inadequate. Taxicabs are large-volume and, hence, attractive customers for such companies, and some independent cabs have carried insurance with companies that subsequently failed.

Both the New York Commission¹⁶⁹ and Alderman Toman¹⁷⁰ stressed the problem of cruising and its contribution to traffic congestion as a reason for the need to limit taxicabs. Both correctly pointed out that if the number of cabs declines, the remaining cabs will spend less time looking for business. This also means, of course, that customers will find it more difficult to obtain a cab. Traffic congestion caused by taxicabs has never been a city-wide problem. Rather, taxis tend to congregate at those places where business is available. But the drivers themselves have an incentive to avoid congestion if it slows them down. For over fifty years Chicago dealt with this problem by means of special rules regulating the flow of taxi traffic in high-density areas. If cruising creates traffic congestion on certain streets, it can be prohibited on those streets and carefully designed taxi stands created to handle the business. The only reported problem of traffic congestion attributable to public service autos in the city of Chicago that we have discovered occurred on South Parkway during the years 1948-1951. Large numbers of jitneys were operating on the street. They darted in and out of traffic as they moved to and from the curb loading and unloading passengers. The *Sun Times* reported that South Park had the highest accident rate in the city.¹⁷¹ But the special problems on South Parkway may have resulted from, not in spite of, the regulation. During the postwar period South Park and some parallel streets apparently became a "free area" which unlicensed cabs could use as a base for illegal operations throughout the south side. The city had long failed to enforce the taximeter provisions of the 1934 ordinance in the area.¹⁷² The en-

¹⁶⁹ New York City, *supra* note 145, at 6, 20-26.

¹⁷⁰ John Toman, *supra* note 79, at 6.

¹⁷¹ Chicago Sun Times, Sept. 12, 1951, p. 4.

¹⁷² For the history of the jitney problem see the series in the Chicago Tribune, Aug. 14, 1949 to Aug. 17, 1949, and the series in the Chicago Sun Times, Sept. 12, 1951 to Sept. 14, 1951. See also Chicago Tribune, Dec. 16, 1951, at 13; Chicago Daily News, March 19, 1949, at 3; *Id.*, Dec. 30, 1948, at 1; *Id.*, Aug. 6, 1948.

the 1934 ordinance was extended four times, always subject to the rights of the 950 temporary licensees, while the Committee on Local Transportation considered the problem.

The solution adopted by the Council on December 20, 1951 was in form an entirely new ordinance ending the term of the 1934 ordinance.²⁰¹ In substance it continued the existing situation, even increasing the constraints on competition by extending the barriers to entry to the previously immune liveryes. The ordinance made all outstanding licenses, including the veteran licenses, renewable from year to year but ominously and ambiguously provided that any ordinance increasing the number of licenses "shall conform with the provisions of any subsisting franchise or contract ordinance governing the subject." Checker, Yellow, the liveryes and the veterans were put on an equal basis not by making the veteran licenses assignable, but by making all licenses unassignable. The ordinance also barred the leasing of any licensed taxicab, a provision which saved the long-standing arrangement by which Checker Taxi leased its licenses (but not cabs) to Cab Sales. The ordinance also required public liability insurance of all licenses and prohibited group riding, a provision designed to spread the available business and strengthen the city's hand against the spread of then pesky jitneys. Feeling in the Council on jitneys was mixed. An ordinance to legalize their operations in certain "high density" zones failed two months later by a tie vote—in part because of doubts about the legality of recognizing in the ordinance what was in fact the city's practice.²⁰²

The ordinance precipitated an unprecedented event. In January, three of the eighteen members of the Committee on Local Transportation dissented from a report of the Committee recommending certain technical changes in the ordinance. The dissenting alderman said:

[I]t is to be noted that at no time during the entire course of a year and a half during which this problem was under consideration by the Committee and its Sub-Committee was a case made out for the need of a monopoly in the taxicab business in order to insure adequate city wide service at reasonable profit to the licensees. In fact, much evidence was presented to demonstrate the wholesome benefit to the public of a healthy competition between the large companies and the independent operators. . . . It is illogical to prescribe a certain number of cabs as being needed to service the public in Chicago (the number then outstanding) and then. . . . provide automatically for a decrease in such number as licenses are cancelled, revoked or lapsed.²⁰³

²⁰¹ Chicago City Council Journal, Dec. 20, 1951, at 1596-1601.

²⁰² Chicago Tribune, Jan. 31, 1952, at 3.

²⁰³ Chicago City Council Journal, Jan. 17, 1952, at 1833. More surprisingly, the minority prevailed in a preliminary vote to raise the proposed number of licenses from 3761 to 4500. But in a session marked by confusion, the Council voted to reconsider the amendment and ultimately rejected it.

The *Sun Times* in an editorial noted that "the squeeze is back on the vet taxi owners" and denounced "the aldermen [who] want to make this a monopoly cab town in which the public will have to take whatever kind of service Yellow-Checker deign to give—or lump it." There is a provision (in the ordinance), said the *Sun Times*, "that whenever vet licenses are surrendered, revoked, or cancelled by death, they cannot be reissued at all until after a public hearing. This could mean that over a period of time the total number of cabs on Chicago's streets would be reduced."²⁰⁴ In response to these criticisms the ordinance was revised.²⁰⁵ Taxi licenses held by an individual were made transferable in the event of the owner's death or military service. The hapless livery licensees were not included in this provision, thus assuring their eventual attrition. They unsuccessfully contested the legality of their sudden plight in the courts.²⁰⁶ The Appellate division upheld the power of the city to make individually held taxi licenses partially assignable but no livery licenses assignable. The reference in the ordinance to a "subsisting franchise or contract ordinance" was deleted. The requirement of a finding of public convenience and necessity was no longer imposed for the issuance of all licenses but only for licenses in excess of 3,761—the number then outstanding—apparently preventing the inevitable attrition in the number of taxi licenses. These changes mollified the critics.²⁰⁷ They were to make little difference in fact.

The ordinance failed to specify who, if anyone, would be entitled to any licenses that became available through revocation or failure to renew any of the 3,761 authorized. That issue was taken to the courts two years later when a group of independents filed a petition for a writ of mandamus in the Circuit Court of Cook to compel the Commissioner of Public Vehicles to issue licenses to them. The petitioners alleged that they had filed applications with the Commissioner satisfying the requirements of the ordinance, that there were 19 unissued licenses under the ordinance, and that it was the duty of the Commissioner to issue the licenses to them. The Commissioner answered that under the ordinance it was not mandatory for him to issue 3,761 li-

²⁰⁴ Chicago Sun Times, Jan. 24, 1952, editorial.

²⁰⁵ Chicago City Council Journal, Jan. 30, 1952, at 1929-33; Chicago Daily News, Jan. 30, 1952, at 1.

²⁰⁶ Jones v. City of Chicago, 348 Ill. App. 310, 108 N.E.2d 802 (1952).

²⁰⁷ On the same day, the Council passed a contract ordinance—subject to approval of 50% of the licensees—which would have guaranteed Checker and Yellow their proportional share of any new licenses if they released the City from damage claims arising under the 1934 Ordinance and accepted the validity of the 761 veterans licenses then outstanding. Yellow and Checker rejected the contract but the ordinance foreshadowed one aspect of the settlement in 1963. Chicago City Council Journal, Jan. 30, 1952, at 1925-27. See, also, Chicago Tribune, March 11, 1952, at 1; Chicago Tribune (Jan. 31, 1952, at 3.

censes. The trial court rejected the Commissioner's contention and ordered the writ of mandamus to issue, whereupon Checker and Yellow petitioned to intervene. The Court's order, said Checker and Yellow, was in violation of its own but long forgotten injunction issued in 1946 barring the city from issuing licenses in excess of 3,000 without honoring the priorities of the 1937 ordinance. The trial court agreed. The Appellate Court reversed, holding that the injunction had expired with the failure of the City Council to extend the 1934 ordinance beyond 1951. The case then came to the Illinois Supreme Court.²⁰⁸

The arguments in the case centered on whether the promise of the city of Chicago to recognize the priorities conferred by the 1937 ordinance extended beyond the term of the 1934 ordinance. The section of the 1937 ordinance conferring the priority made no mention of a time limit. A separate section had provided, however, that "the permission and authority granted to the licensees under said ordinance of May 18, 1934, to operate taxicabs upon the public streets and other public ways within the corporate limits of the city is hereby extended to December 31, 1945, unless sooner terminated or revoked as provided in said ordinance of May 18, 1934."²⁰⁹ The literal purpose of this section was not to limit the priority rights, but to protect the licenses until that date from a further reduction in the number of their licenses. However, courts have been hesitant to hold promises creating private rights perpetually binding on governmental bodies. The reason for such hesitance is obvious—a perpetual promise enables the authorities in power to create rights in private parties for nominal consideration which can be later changed only by exercise of the power of condemnation. The 1937 contract ordinance is, if one is needed, a perfect example of the reason for such an approach. The opinions of the Illinois Supreme Court, however, ignored this. Noting that "in construing many cases involving contracts created by the acts of municipalities, Illinois courts have applied the standard rules of construction," the Court said the "question [was one] of determining the contractual intent evinced by the city and accepting licensees."²¹⁰ The five Illinois cases cited by the Court in support of this proposition were irrelevant to the problem at hand. Four of the cases cited by the Court involved actions for money due for work already performed under construction contracts.²¹¹ The fifth involved

²⁰⁸ *People ex rel. Hafer v. Flynn*, 13 Ill. 2d 368, 150 N.E.2d 183 (1958), rev'g 14 Ill. App. 2d 301, 144 N.E.2d 747 (1957).

²⁰⁹ *Chicago City Council Journal*, Dec. 22, 1937, at 5027.

²¹⁰ *People ex rel. Hafer v. Flynn*, 13 Ill. 2d 368, 377-78, 150 N.E.2d 183, 189-90 (1958).

²¹¹ *City of Chicago v. Weir*, 165 Ill. 582, 46 N.E. 725 (1897); *City of Chicago v. Sexton*, 115 Ill. 230, 2 N.E. 263 (1885); *Warner Const. Co. v. Lincoln Park Comms.*, 278 Ill. App. 42 (1934); *North v. City of Rockford*, 237 Ill. App. 305 (1925).

an action for rent due under a lease.²¹² None of these cases involved the question whether the governmental unit involved had created a perpetual private right. The court chose to ignore a precedent more nearly in point which had construed a franchise to operate a toll road as limited in time because of "the familiar rule of construction applicable to grants to private corporations . . . that they are to be construed liberally in favor of the public, and strictly against the corporation."²¹³ Three Justices of the Court dissented.

Unmentioned was the calculating way Checker and Yellow had utilized their priority rights under the 1937 ordinance. Checker and Yellow had not sought to have those rights recognized by the city. They had not applied for any of the 1,083 licenses on which they had priority. Indeed, they had repeatedly opposed any increase in the number of licenses over 3,000 before the City Council. Their only interest in their priority rights was to use them as a lever to bar permanent entry by others into the industry. To this end, Checker and Yellow had made no effort to enforce the 1946 injunction prior to *Hafer*. This failure to make any effort to assure compliance with the order of the Court became remarkable when, in *Hafer v. Flynn*, it was brought to the Court's attention that the city had issued 761 licenses in violation of the injunction. Checker and Yellow, however, asked the Court to give the injunction effect only as to 18 of those licenses. The conduct of Checker and Yellow subsequent to the 1946 injunction could have presented substantial issues as to whether or not they had forfeited their rights.²¹⁴ No such question was raised before the courts.

Hafer v. Flynn, decided by the Supreme Court in April of 1958 and reaffirmed on rehearing in May, precipitated a new crisis over the ordinance. Yellow demanded that the city remove the veterans from the streets and in December instituted contempt proceedings against the city.²¹⁵ The change in strategy may have been at least in part dictated by legal considerations. Yellow and Checker had now waited 12 years to enforce their rights and at some point the courts would notice and apply doctrines of estoppel, laches and mitigation of damages to undercut Yellow and Checker's legal position. Then too, Checker and Yellow could not look forward to any further substantial attribution in the number of veterans licenses. Between 1952 and 1958 only the 19 licenses in issue in the *Hafer* case had been retired. The assignability at death provision added to the revised ordinance of 1952 was

²¹² *City of Chicago v. Peck*, 196 Ill. 260, 63 N.E. 711 (1902).

²¹³ *St. Clair County Turnpike v. People ex rel Bowman*, 82 Ill. 174, 177 (1876).

²¹⁴ *Secor v. Singleton*, 35 F. 376 (E.D. Mo. 1883); cf. *Crossman v. Babs, Inc.*, 384 F.2d 219 (5th Cir. 1967); *Mills v. Cobby*, 35 Eng. Rep. 578 (1815).

²¹⁵ *Chicago Daily News*, Dec. 29, 1958, at 1. *Chicago Tribune*, Dec. 30, 1958, at 1.

operating to prevent attrition. But perhaps most importantly, Checker and Yellow were in a strong position in the City Council. Aldermen Sheridan and Keane, powerful figures in the Council, had in 1957, even before the Supreme Court decision, indicated that the number of veteran cab licenses should be reduced.

Checker and Yellow had already produced strong evidence of their influence in the City Council in 1955 when the railroads serving Chicago decided to put the passenger transfer service up for competitive bidding. This service had previously been performed by Parmelee, parent of Chicago Yellow, under agreements terminable at will with each of the individual railroads serving the city. In June of 1955 the railroads jointly agreed to give a five year franchise to the newly organized Railroad Transfer Service. Although Parmelee's bid had been slightly lower, Railroad Transfer offered to upgrade the quality of service, an important consideration for the railroads who were facing intensifying competition from the airlines. The City Council, apparently indignant, immediately passed an ordinance requiring new applicants for terminal vehicle licenses to show public convenience and necessity.²¹⁶ Parmelee, unlike Railroad Transfer, had already been licensed. Railroad Transfer challenged the ordinance as an unconstitutional burden on interstate commerce, ultimately winning in the United States Supreme Court in 1958.²¹⁷ The city then attempted to apply other provisions of the ordinance to Railroad Transfer, a move Railroad Transfer again contested and ultimately won in the United States Supreme Court in 1967.²¹⁸ Parmelee was not content to leave to the city the entire burden of discomfiting Railroad Transfer. In 1956 it brought a private antitrust suit against Railroad Transfer, its owner John Keeshin, the six railroads who made the decision in favor of Railroad Transfer, the Presidents of some of those railroads and an I.C.C. Commissioner involved in the decision, for \$19,000,000. The theory of Parmelee's claim was that the award of the franchise by a "corrupt conspiracy" had destroyed a competitive market formerly open to any person willing and able to perform transfer services! The jury decided against Parmelee and the verdict was affirmed on appeal.²¹⁹ The victory was a pyrrhic one for Railroad Transfer. While it was successfully defending its position in the rapidly declining railroad passenger transfer business, Parmelee, through another subsidiary, Continental Transportation Co., was obtaining what now appears to be a legally impregnable monopoly from the

²¹⁶ Chicago City Council Journal, July 26, 1955, at 897.

²¹⁷ *Chicago v. Atchison, T. & S.F.R. Co.*, 357 U.S. 77 (1958).

²¹⁸ *Railroad Transfer Service v. Chicago*, 386 U.S. 351 (1967).

²¹⁹ *Parmalee Transportation Co. v. Keeshin*, 292 F.2d 794 (7th Cir. 1961).

Illinois Commerce Commission to provide direct bus service to burgeoning O'Hare Field.²²⁰

In spite of Checker and Yellow's proven power, Mayor Daley announced himself as a defender of the veteran cabs. The day after the Supreme Court's affirmance on rehearing in *Hafer*, he said that he would do "all I can to protect the rights of veterans cabs operating in the city without violating the rulings of the Supreme Court." Daley said that he believed that the court would give the city time to work out its "complex" taxi problem. In response to Yellow's demand that the veterans be removed from the street, he wrote: "I ask that everybody be patient . . . and that the veteran cabs be allowed to continue operation until this question is resolved."²²¹

This the city did, although no formal licenses were issued to the veterans during the years 1958 and 1959, perhaps to improve the city's position in a contempt proceeding. The Annual Report of the Vehicle Commissioner for those years reports, however, that the city did collect a "taxicab operating fee" from each veteran equal to the taxicab license fee set by the ordinance. The Mayor directed the Public Vehicle Commission to hold hearings to ascertain how many licenses should be issued. At the hearing the parties reiterated their longstanding positions. The independent associations favored an increase in the number of licenses to about 5,500,²²² a number sufficient to honor the 1937 priorities and permit some expansion by the independents. Checker and Yellow sought a reduction in the number of licenses to 3,000.²²³ A transit engineer imported from Philadelphia for the occasion correctly pointed out that granting additional licenses would take business from the Chicago Transit Authority and warned darkly that the increased competition would lead drivers into "illegal and immoral activities" and lessen driver interest in safety. The only new voice was a report of the Transportation Center of Northwestern University,²²⁴ completed the previous March, pointing out in essence that other cities had more cabs and lower fares, and did not seem to suffer for it. The Northwestern study, indeed, recommended that the city abandon entry controls altogether, a suggestion greeted by all other parties with derision. The independents testified that free entry would result

²²⁰ Continental, too, has enjoyed success in using the courts to protect its monopoly. By applying a "first in the field" doctrine, the Illinois courts have protected Continental from competition even in Chicago suburbs where it holds no franchise. *Continental Air Transport Co. v. Illinois Commerce Comm'n*, 38 Ill. 2d 563, 232 N.E.2d 728 (1967) and *People ex rel. Continental Air Transport Co. v. Strouse*, 41 Ill. 2d 567, 244 N.E.2d 171 (1969).

²²¹ Chicago Sun Times, May 27, 1957, at 3.

²²² Chicago Daily News, Aug. 13, 1958, at 12.

²²³ Chicago Sun Times, Jan. 10, 1959, at 5.

²²⁴ Northwestern Univ., Transportation Center, *supra* note 4.

in cutthroat competition, a reduced caliber of drivers, soaring insurance rates, and increased accidents. Samuels, representing Yellow, moved that the report be stricken from the record of the hearing.²²⁵ The Vehicle Commissioner, having been informed by 3,907 pages of such testimony, recommended a total of 4,600 licenses.²²⁶

This number enabled the city to honor the 1937 priorities and grant licenses to 504 of the 740 veterans then operating. Checker and Yellow opposed the recommendation vigorously. Alderman Sperling charged that adoption of the 4,600 figure could lead to "chaos and even warfare in the Chicago taxicab industry."²²⁷ Mayor Daley, now a defender of only two-thirds of the veterans, insisted on the 4,600 figure and against the reported opposition of many alderman who desired a lower number it was adopted by a vote of 40 to 3.

This left the Vehicle Commissioner with the problem of reducing the number of veterans from 740 to 504. Apparently taking the position that since all of the veteran licenses were illegal none could complain if they were eliminated, he announced criteria of blatant unconstitutionality. First to go would be those licenses held by 25 or so city employees, apparently on the theory that those who were recipients of city largesse were not in a position to complain. Next to go would be those licensees living out of the city, apparently on the theory that they did not vote in the city. Finally, those licensees who had leased their cabs to one of the independent associations in violation of the 1952 ordinance would be eliminated, even though the provision was of questionable legality, had not been enforced, and did not specifically provide for revocation as a penalty.²²⁸ The priorities conferred by the 1937 ordinance had finally been honored. Only 504 of the some three thousand independents who entered the industry after World War II had obtained permanent status under the ordinance. Nevertheless, Checker and Yellow unsuccessfully challenged the new ordinance in court.²²⁹

But even as Checker and Yellow's thirteen year battle against the veterans came to a close, a new threat appeared: the suburban cab. The operation of suburban cabs in Chicago has always been an aspect of the industry. In 1939 the problem of Evanston "five cent" cabs operating in northern Chicago be-

²²⁵ Chicago Tribune, June 24, 1958, at 2, p. 1.

²²⁶ Chicago Sun times, Dec. 31, 1958, at 1.

²²⁷ Chicago Daily News, Aug. 25, 1959, at 13.

²²⁸ Chicago Daily News, Oct. 28, 1959, at 16.

²²⁹ On the ground that the hearing held on the issuance of additional licenses did not comply with the 1937 ordinance because there had not been complete cross examination and detailed findings of fact. Checker and Yellow did successfully argue that the provision permitting the assignment of individually owned licenses at death discriminated against corporate owners. The court struck down all restrictions on assignment. *Yellow Cab Co. v. City of Chicago*, 23 Ill. 2d 453, 178 N.E.2d 330 (1961).

came so serious that the then Corporation Counsel threatened to go to court for an injunction against their operations, observing that the court calendar was clogged with ordinance violation cases and that the maximum fine was only \$200.00²³⁰ Suburban cabs still operate in the city. Each year the Annual Report of the Public Vehicle Commissioner states that a small number of suburban cab drivers have been arrested and warned against further violation of the ordinance, noting that "no further action could be taken against these individuals since they were not licensed by this Commission."²³¹ On the far southwest side taxi service is apparently provided substantially by suburban cabs.

The issue which precipitated the new crisis was far more important than whether or not the suburban cabs could nibble at the edge of the Chicago taxi market. With the opening of O'Hare airport in 1959 the lucrative airport to loop business began moving from the older Midway airport. Midway is located well within the city limits of Chicago but O'Hare is located on an artificial peninsula of land sticking far out into the suburbs northwest of the city. Until a substantial number of flights started operating at O'Hare the Chicago taxi drivers did not want to drive out to O'Hare, particularly since they were unable to go into the surrounding communities for alternative business. To fill the gap, the city permitted a number of "suburban" cabs to operate at O'Hare—although some of the cabs were apparently licensed by no one.²³² As business increased at O'Hare the problems increased.²³³ When Chicago cabs were hailed by a passenger going to a suburb they would either refuse to carry him or demand a fare in excess of the meter rate. Worse, some Chicago cabs would haul an unsuspecting suburban passenger to his destination without activating the meter and then demand an exorbitant fare. Since the taxi ordinance did not apply to carriage out of the city, these were not ordinance violations. Conversely, the suburban cabs would refuse to carry loop bound passengers, or would carry them and thus trespass on the market

²³⁰ Chicago Tribune, Aug. 30, 1939. The situation has persisted. In 1961 the Sun Times reported complaints of taxi firms that the Municipal Court was too easy on suburban cab drivers, that the suburban drivers hinder enforcement by demanding a jury trial, and that of 50 court cases in one week, only two drivers were given the maximum \$50 fine. Chicago Sun Times, Mar. 3, 1961.

²³¹ In 1968 there were 160 such arrests; in 1970, 106. Public Vehicle Commission Annual Report. It is not exactly clear what this passage means. Chicago Mun. Code, § 28-32 of the present ordinance prescribes a fine of \$5-\$100 for violating the ordinance. Illegal cab drivers are criminally prosecuted, Chicago Tribune, Feb. 23, 1964, § 7, at 21, and suburban cab drivers have been prosecuted in the past. The statement probably means that the Commission cannot revoke suburban cab drivers' chauffeurs' licenses or medallions since they have neither.

²³² Chicago Sun Times, Dec. 27, 1961, editorial. Chicago Tribune, Feb. 4, 1962, at 7.

²³³ Chicago Daily News, Feb. 6, 1962, at 1.

TABLE 5
RATES OF FARE IN THE 1960's

	Pre-1965 Increase	1965-1969	1969-Present
Flag Pull	40¢ 1st 1/4 mile	40¢ 1st 1/5 mile	40¢ 1st 1/5 mile
Additional Mileage	10¢ each 2 minutes	10¢ per 1/3 mile	10¢ per 2/7 mile
Additional Passenger	20¢ per passenger	20¢ per passenger	20¢ per passenger
Waiting time	10¢ each 2 minutes	10¢ each 2 minutes	

of the city licensees.²³⁴ It became a threat to Checker and Yellow's whole position when complaints about the situation increased. The *Daily News*²³⁵ and the *Sun Times*²³⁶ sensibly suggested in February of 1962 that the problem could be solved by metropolitan licensing of taxicabs, permitting all qualified operators to carry passengers anywhere within the metropolitan area. This would have moved control over the number of licenses out of the city and reopened the whole entry question. A solution was quickly proposed. Chicago cabs would carry passengers to the suburbs at a rate equal to one and a half times the meter rate. The additional half would compensate the drivers and the companies for the dead haul back to the city limits. Suburban cabs would be excluded from the airport except where the passenger had made advance arrangements with the suburban company to be picked up. An ordinance to this effect was passed in March of 1962²³⁷ and, upon challenge by the operators thus excluded, upheld by the Illinois Supreme Court in June.²³⁸ The essence of their complaint was that the city had long tolerated, if not sought, their service when Chicago cabs were unavailable even though it violated the ordinance. Now, just when the business had become attractive, they were to be sent packing. But the equity of their position in fact was not sufficient to invalidate the ordinance on its face. The city's solution to the O'Hare problem has in practice been less than satisfactory—the rates to the suburbs are high and the Chicago drivers often get lost there. But the position of the Chicago licenses was protected.

Suburban operators made one more effort to challenge the city. Prior to 1959 the ordinance section dealing with the operation of suburban cabs in

²³⁴ Chicago Sun Times, Sept. 25, 1961, at 1; Chicago Tribune, Feb. 4, 1962, at 7, Feb. 7, 1962, at 1.

²³⁵ Chicago Daily News, Feb. 8, 1962, editorial.

²³⁶ Chicago Sun Times, Feb. 28, 1962, editorial.

²³⁷ Chicago Tribune, March 11, 1962, at 2. See also Chicago Tribune, Feb. 7, 1962, at 1.

²³⁸ Chicago Daily News, June 6, 1962, at 1; Olsen v. City of Chicago, 25 Ill. 2d 292, 184 N.E.2d 879 (1962).

the city had banned only solicitation of passengers within the city. In 1959 this section was amended to bar transportation of passengers from any point within the city. In *Chicago v. Vokes*²³⁹ drivers for Evanston Cab Co. and Skokie Red Top Cab Co. appealed their convictions under this section to the Illinois Supreme Court. Each of the drivers had entered the city to pick up a passenger who had called the company for a cab. The drivers picked up the passenger as requested and delivered him to another point within the city. They were then arrested for violation of the ordinance and convicted. On appeal the drivers argued that the ordinance was unconstitutional because it required licensed corporations to have their office within the city limits, a contention the Court easily dismissed. They did not argue that the city's flat prohibition of any new licenses for such livery type service was unconstitutional.

The damage suit which Checker and Yellow had brought against the city in the late 1940's for breach of the 1937 contract ordinance was still pending in 1963. The damage claim had increased from \$3,000,000 to \$14,000,000. By 1957 it was clear that Checker and Yellow sought to settle the lawsuit. An internal memorandum written to the Corporation Counsel in 1957 began: "Checker-Yellow demand a long term contract to get virtual control of the city's power to regulate the use of city streets for operation of taxicabs." The memorandum proceeded to note that "not even Checker-Yellow have faithfully abided by the terms and conditions of the contract ordinance. Many cabs have been held out of service and many parts of the city were not served at all."²⁴⁰ The city's position in the contract case had been substantially weakened by the decision of the Illinois Supreme Court in *Hafer*. Nevertheless, a number of defenses were possible. One—as suggested by the memorandum quoted above and the record developed by the Department of Justice in the antitrust case—was to argue that Checker and Yellow had themselves breached the 1937 ordinance in a way which entitled the city to permit more cabs on the street. Another line of defense was to argue that Checker and Yellow, by failing to enforce their injunctive rights, had failed to mitigate their damages. Another defense was to argue that Checker and Yellow, by repeatedly using their political influence to block issuance of licenses in excess of 3,000, had made it impossible for the city to honor the 1937 priorities and had thus lost any right to damages. The fact that the case had been pending untried for twelve years since the Court of Appeals decision upholding the complaint shows that Checker and Yellow were not eager to try it. The city nevertheless settled the case by giving Checker and

²³⁹ *City of Chicago v. Vokes*, 28 Ill 2d 475, 193 NE2d 40 (1963)

²⁴⁰ Chicago Corporation Counsel's Files

Yellow what they demanded—the present ordinance granting them a perpetual monopoly over the use of the streets.

V. SUMMARY AND ANALYSIS

The important factor in the development of taxi regulation in the City of Chicago since 1930 has been the ability of the firms already in the industry to remain the only source of information about the industry. Checker, Yellow and the independents share a common interest in preserving their legal protection against new competition. To further this interest they have been able to generate the myth that the industry, under competition, has been proven irresponsible and unstable. Their version of the history of the taxicab industry ignores the more than fifty years of apparently satisfactory free entry and free rate regulation prior to 1929. It emphasizes the financial difficulties of drivers during the depression, but ignores the failure of the regulation to require adequate insurance. It hints darkly of violence, but fails to note that the two major violent events apparently resulted first, from the efforts of an existing company to obtain a *de facto* monopoly, and second from the grievances of drivers unhappy with their position under the regime of limited competition. This fabricated history has given the city's regulatory policies an air of propriety they would not otherwise have. The hearings before the Vehicle Commissioner and the City Council's Committee on Local Transportation have repeatedly been occasions for reaffirmation of the myth by all interested parties. An internal memorandum in the City Corporation Counsel's office written in 1958 noted that "this procedure is likely not to produce all of the evidence needed to satisfy the criteria (of the public interest) set forth in the ordinance." "It might be desirable," continued the memorandum, "to have the Corporation Counsel's office introduce evidence and cross-examine witnesses from the point of view of public interest. This procedure would be comparable to that before many federal administrative agencies."²⁴¹ The suggestion has not been heeded.

The lack of information has enabled the city to pose successfully as a mere bystander to events largely out of its control. Only once, in 1934, when restraints on competition were the style of the moment, did the City Council publicly take the lead in fashioning a major ordinance. In 1937 the City Council was only acting to make possible the settlement of a violent labor dispute. This ploy has proved so attractive that many subsequent fare increases have come only on the heels of a drivers' strike.²⁴² In the 1940's and

²⁴¹ "Analysis of Chicago Taxi Cab Situation," June 3, 1958, from Corporation Counsel's Files

²⁴² Chicago Sun Times, Aug. 17, 1968, at 1; Chicago Tribune, Sept. 1, 1968, at 1; Chi-

1950's the city behaved as if it were forced to squeeze the veterans from the streets only by the decisions of the courts. In 1963 the city granted a perpetual monopoly to the licensees only to settle an expensive damage suit. The use of the courts as the apparent forum for the resolution of the controversy has been particularly effective, stilling newspaper criticism because of the papers' traditional reluctance and inability to comment critically on matters in litigation.

The courts themselves have played an important and continuing role in legitimizing the regulation. They have done so on the basis of practically no information on the problem before them. In 1930 the Illinois Supreme Court upheld the entry ordinance without evidence in the record that it had apparently been passed without actual notice to many members of the Council. In 1946 it upheld Checker and Yellow's rights under the 1937 priority ordinance without evidence in the record as to the full extent of Checker and Yellow's breaches of the ordinance. In 1957 it upheld Checker and Yellow's rights to block the issuance of veteran's licenses without considering the way in which Checker and Yellow had selectively enforced their rights under the ordinance. There are a number of legal doctrines which have caused the courts to respond to the regulation in such an abstract way. Most importantly the courts have accorded the City Council the stature of a full fledged legislative body whose implied findings of fact are to be honored if at all plausible. The doctrine of *stare decisis* has also played a role, fragmenting the issues. The Court upheld the ordinance in 1930 when it simply required a newcomer to show public convenience and necessity. This became a precedent for upholding the 1937 ordinance even though the situation created by that ordinance was in fact quite different. Under the 1929 ordinance any newcomer who went before the Public Vehicle Commission and proved public convenience and necessity would get a license. But under the 1937 ordinance the newcomer had to go to the City Council—a change which limited his right to judicial review. If he succeeded in persuading the Council of the need, however, he would not get any license at all because of the 1937 priorities. These differences were not even pointed out to the court. Then again, in *Hafer*, the Court upheld the right of Checker and Yellow to bar veterans from the streets because, in litigation between Checker and Yellow and the city, it had upheld the right of Checker and Yellow to have their priorities honored. Also important has been the doctrine of prosecutorial discretion, making proof of inconsistent enforcement policies irrelevant to the validity of the

cago Sun Times, Oct. 15, 1968, at 12; Chicago Daily News, Aug. 11, 1965, at 1; Chicago Daily News, Aug. 17, 1965, at 1; Chicago Daily News, Oct. 2, 1965, at 1; Chicago Sun Times, March 30, 1962, at 1; Chicago Daily News, June 1, 1962, at 1; Chicago American, June 27, 1962, at 1.

ordinance—a problem most apparent in the inability of the suburban cabs to use the city's erratic enforcement policies as a basis for challenging their exclusion from O'Hare.

More important than the operation of these doctrines has been the simple difficulty and expense of organizing and presenting to the courts facts not within the command of either party. The ordinance has often been challenged by outsiders but their arguments have always been that the ordinance is invalid on its face, not that it is invalid as administered. There are benefits to entering the Chicago taxi industry, but they are apparently not sufficient to justify the expense that would be involved in presenting the relevant factual information to the courts. When the courts uphold the ordinance on its face they effectively immunize it from legal challenge, even though they would not sanction—if they were written into the ordinance—the actual enforcement policies. How could the city defend permitting jitneys on South Park but not elsewhere? How could the city defend permitting unlicensed, uninsured cabs in poor, black neighborhoods but not elsewhere? But legal proof that this is formal city policy is impossible to obtain and possibly of no legal relevance.

The persistent strategy of low visibility pursued by Checker, Yellow and the city is the keystone to their success in preserving the ordinance. They have become skillful practitioners of the strategy since 1929 when the first entry ordinance was crudely slipped through the City Council. The strategy of low visibility has been pursued through consistent adherence to three central principles. First, rates have been set high enough to prevent the occurrence of politically visible scarcity. Second, enforcement policies have been pursued at a low level of severity. Third, the city has always appeared to respond to any criticism made from a quarter with potential political power, often later adopting the contested policy at a time or in a way which escapes notice.

The rate policy of the ordinance is the most important element of the strategy of low visibility. The rate policy has been designed to set rates at a level where the constricted supply of taxicabs is not visible because the number of cabs demanded is not greater than the number available. The task of setting the rates at equilibrium has been left to Checker and Yellow. Under present operating conditions the ordinance now in effect grants this power to them. But there has never been in the history of the ordinance any serious pretense that the rates were set by other than the licensees. The Committee on Local Transportation of the City Council has never made a serious study of the cost conditions in the industry. It has always accepted the financial figures presented by Checker and Yellow without further question. Even when some of the independents—more concerned about off peak demand—have protested fare increases, the Council has gone along with the Checker and Yellow position. To our knowledge, the only critical questions ever asked

at a fare increase hearing occurred at one meeting of the Committee in 1965.²⁴³ They had been forgotten by the time the next meeting of the Committee was held. Although the Committee has occasionally recommended an increase less than that initially demanded by Checker and Yellow, the companies have never expressed dissatisfaction with the ultimate outcome. Because the ordinance provides for a single rate, setting a rate at equilibrium for all demand conditions has been difficult. To judge by complaints about the difficulty of getting cabs in Chicago during the rush hour, the price chosen has been one which results in a surplus of cabs most of the time and a scarcity for fairly brief periods under peak load conditions. It is difficult to explain why Checker and Yellow have not sought a variable fare to adjust for differing demand conditions. Perhaps they have considered such a system too complex to administer, perhaps they have feared that such a system would raise questions about the need for the higher, peak load rate.

The policy of low level enforcement has kept the procedures by which the ordinance is enforced from being newsworthy. The policy is incorporated in the ordinance itself which provides a maximum fine of \$100 for operating without a license.²⁴⁴ Neither the city nor the licensees has ever felt it expedient to consider higher penalties. Nor has the city ever felt it expedient to declare "war" on the unlicensed cabs or the suburban cabs operating in the city. Instead the city methodically and persistently enforces the ordinance, continuously picking up a small number of unlicensed cabs and fining their drivers. This operates as a special tax on the illegal operations. Combined with the ability of the licensed cabs to advertise and seek business openly, it protects the capital value of the licenses. Upper limits on the politically acceptable level of enforcement may explain why the capital range of values of licensed cabs in different cities seems to exhibit an upper limit of about \$25,000.²⁴⁵ A frontal assault on illegal taxicabs with strong enforcement and harsh penalties would be a newsworthy event, confronting the community with the sight of the city forcibly removing small, independent businessmen providing needed service from the streets.

The city has always appeared to respond to criticism of the ordinance. This has tended to obscure the effect of the ordinance and the city's long-term

²⁴³ By Alderman Sperling, Chicago City Council Comm. on Local Transportation, Taxi Fare Increase Hearings, Oct. 4, 1965, at 16-17.

²⁴⁴ Chicago Mun. Code, § 28-32.

²⁴⁵ New York \$25,000; New York Times, July 25, 1969, editorial; Sandi Rosenbloom, Taxis, Jitneys, and Poverty, Transaction Magazine, Feb. 1970, at 47, 50. San Francisco \$22,000-\$24,000 prior to issuance of 110 new permits on Dec. 31, 1968, \$15,000 after the increase; R. Rothmeyer & A. Von Droszeghy, The Regulation of the Taxi Industry in San Francisco, (Unpublished student paper, Stanford Law School 1970). Boston \$23,000, L. Peters, Transportation in the Free Market, 7 Transportation J. 41 (1967); S. Rosenbloom, *supra*, at 53. Detroit \$5,000, S. Rosenbloom, *supra*, at 53.

willingness to serve the interests of Checker, Yellow and the licensed independents. In 1932 when the newspapers discovered the entry limitation, it was repealed, although the Vehicle Commissioner did not proceed to grant new licenses. In 1937 the newspapers objected to the higher of the two fare increases considered, so the lower increase was adopted. In 1946 the veterans were permitted to operate, but in a way which guaranteed their eventual attrition. In 1952 the ordinance was changed to provide for given number of licenses, thus in theory preventing inevitable attrition. Nevertheless, two years later the Vehicle Commissioner was refusing to reissue licenses that had lapsed. In 1962 the newspapers demanded a solution to the O'Hare problem. It was provided, exclusively by Chicago cabs. A poignant example of this tactic occurred in 1951. Some of the livery owners, threatened with extinction by the ordinance, mounted a letter-writing campaign. To judge by the 19 post-cards and 24 telegrams still in the custody of the City Clerk, the campaign concentrated on the role of liveries at funerals and weddings. The adjustment in the ordinance was no greater, providing an exemption for "a livery vehicle designed to carry seven adult passengers for hire at funerals and weddings. . . ." ²⁴⁶ Even this narrow exemption was repealed forty days later. ²⁴⁷

The most pernicious consequence of the monopoly ordinance has been the significant constraint imposed on the city's public transportation policy. Except for the jitneys on South Park and the gypsies on the west side, the automobile has had no role in mass transit in Chicago. The fact that the jitneys, operating licensed cabs with a capital value in excess of \$15,000, can offer lower fares than the transit system on short hauls shows the possibilities of the public transit auto. Because the ordinance has eliminated the automobile as a factor in public transportation, the city has been forced to design a system built around large units and fixed routes, an enterprise marked by ever increasing governmental involvement and subsidy. The public, desiring greater flexibility and convenience, has increasingly abandoned public transportation for the private automobile. The lack of a strong public transit automobile system probably, in the long run, has even weakened fixed route mass transit. Fixed route mass transit has its optimum advantages for long hauls during peak load periods. The public transit auto offers the greatest advantage on short hauls without fixed routes—the shopping trip in the neighborhood is perhaps the best example. Since there is no public transportation automobile system for short hauls, the public has purchased automobiles, and once it has invested in them, has used them for all its transportation needs—long and short haul. We can only speculate as to the

²⁴⁶ Chicago City Council Journal, Dec. 20, 1951, at 1599.

²⁴⁷ *Id.*, Jan. 30, 1952, at 1922.

differences a strong public transit automobile system might have made in the City of Chicago. It is clear that the City Council chose not to have one for reasons having nothing to do with overall transportation policy.

To judge by the past, the continuing battle over the taxi ordinance is not over. On the one hand, the 1963 ordinance, severely constricting the power of the city to issue additional licenses and set rates appears clearly unconstitutional under the Illinois decisions which upheld the earlier ordinances because the city had reserved those powers. On the other hand, there is some possibility that the courts will construe the 1963 ordinance as a contract ordinance made to settle litigation. If so, the city could not change its policy without paying to the licensees the value of their rights under the ordinance—now about \$41,000,000. On the street, the gypsy cabs, black power, and the continuing collapse of short haul fixed route mass transit reveal the fundamental forces still at work. A monopolist's life, even with the continuing and warm embrace of the government in power, does not seem to be a quiet one.

APPENDIX A

There are several approaches to computing an average annual revenue for independent cabs from the available data. The International Taxi Association (ITA) until recently published industry data on a city-by-city basis compiled from reports submitted by its members. The Association will not reveal the extent of its membership in Chicago or the procedures by which the published information is compiled, and has now stopped publishing the information entirely—perhaps because it discovered the information could be used not only to support applications by members for fare increase, but also to prove that entry controls were expensive for consumers. The following figures are available for the cities covered: total mileage driven, the number of trips and the number of passengers.

Total mileage figure provides one way to compute a total gross revenue for the independent cabs if the assumption is made that both Checker and Yellow and the independents drive the same number of miles for each dollar of fare revenue produced. Under the compensation arrangement for independent drivers they have incentives to push harder for fares since everything over the flat rental fee is theirs. On the other hand a higher percentage of the independent cabs are radio-dispatched and this might make for more efficient utilization. In interviews Checker reported that its cabs are driven an average of 90,000 miles in $2\frac{1}{2}$ years, or 36,000 miles a year.¹ The fleet of 1,500 cabs would then be driven 54,000,000 miles a year. Yellow stated that its fleet covers 60,000,000² miles a year. If the combined total of 114,000,000 miles is divided into the combined 1968 revenue of \$36,089,473 the answer is \$0.316 in revenue for each mile driven. There are two

¹ Interview with Checker General Manager, Robert Collins.

² Interview with Yellow President, Robert Samuels.

ways to compute independent mileage. An interview with a sample of independent operators suggests that their cabs are operated for 200,000 miles over 2½ years or 80,000 miles a year.³ For 934 licenses that is 74,720,000 miles a year. ITA reports that Chicago cabs cover 175,000,000 miles a year.⁴ Subtracting our estimated Checker and Yellow mileage of 114,000,000, that leaves 61,000,000 for the independents; 74,720,000 times \$.316 results in an annual revenue of \$24.2 million or \$25,900 per independent license; 61,000,000 miles times \$.316 results in an annual revenue of \$19.3 million or \$20,500 per independent license.⁵

Another approach is to compute a total gross revenue for Chicago cabs by combining the ITA figures on trips and passengers⁶ with Checker and Yellow operating data on the average length of trip and waiting time charge per trip.⁷ This again requires that Checker and Yellow operating figures can be extrapolated to the independents. The concentration of Checker and Yellow on the high-density business area may make both figures lower than for the independents. This computation gives an industry-wide gross annual revenue of \$51,925,000. Subtracting the Checker and Yellow total of \$36,089,473 leaves 15.8 million or \$16,900 per independent license.

A third approach to an estimate of independent's gross income is from the \$25 daily rental fee.⁸ Drivers pay for gas and oil.⁹ If independent cabs are operated 80,000 miles a year or 266 miles a day (assuming 300 days of operation, a conservative estimate), if cabs get 12 miles to the gallon, and gas costs \$.36 a gallon, this comes to \$7.06 a day. If oil can be ignored, this makes the daily expense of the cab \$32. If that represents half of the gross (assuming a 50-50 split between driver and vehicle) then the daily gross revenue is \$64 or \$19,200 a 300-day year. Since independent drivers reputedly do better than Checker and Yellow drivers, and therefore should take over 50 per cent of the meter, this estimate is probably on the low side.

APPENDIX B

The relationship between the output of a dominant firm and the demand conditions of the industry is expressed by the formula:

$$P \left(1 + \frac{k}{n - e(1 - k)} \right) = \theta'(x_1)$$

³ Project interviews.

⁴ Int'l Taxi Ass'c., Cab Research Report No. 118, Aug. 1, 1969.

⁵ Our interviews with independent licensees suggest that they do not belong to ITA. This means that ITA extrapolates its total mileage figure from Yellow and Checker mileage data, which would show the independents with lower mileage figures than they actually cover.

⁶ Int'l Taxi Ass'c., *supra* note 4.

⁷ Data submitted to City Council at fare increase hearings and obtained from the office of the Committee on Local Transportation.

⁸ See text at p. 294.

⁹ Based on project interviews with numerous drivers and licensees of independent cabs.

where

P = price of a unit of output at x ,

k = the fraction of output by the dominant firm $\frac{x_1}{x}$,

n = the market elasticity of demand,

e = the elasticity of output of the independent firms,

$\theta' (x_1)$ = the marginal cost of the dominant firm at (x_1) , its unit of output.¹

In this case the equation can be simplified because $e = 0$ since the ordinance does not permit the independent firms to increase the number of their cabs in service, and those in service appear to be fully operated.

All items in the equation require a uniform measure of x , the level of output. We have chosen the 1968 fare dollar as the unit of output which makes $P = 1$ and permits comparability between the various kinds of output (trips, passengers, miles, waiting). Then

$$k = \frac{\text{Checker and Yellow gross}}{\text{Industry gross}}$$

Using \$20,000 gross revenue as the estimate for independent licenses, industry gross = $934 \times 20,000 + 36,089,473 = 54,769,473$ and

$$k = \frac{36,089,473}{54,769,473} = 66 \text{ per cent}$$

$\theta' (x_1)$ = marginal cost of producing \$1 of revenue. If 54 percent goes to the driver (counting fringe benefits) and a cab covers 3.2 miles for each fare dollar and operating costs are \$.10 a mile then $\theta' (x_1) = .54 + .32 = \$.86$. So

$$1 \left(1 + \frac{.66}{n - 0 (1 - k)} \right) = .86$$

$$1 + \frac{.66}{n} = .86$$

$$\frac{.66}{n} = -.14$$

$$-\frac{.66}{.14} = n = -4.7$$

If operating costs for the cab are .08 then $\theta (x_1) = .54 + .256 = .80$ and

$$-\frac{.66}{.20} = n = -3.3$$

¹ George J. Stigler, Notes on the Theory of Duopoly, 48 J. Pol. Econ. 521 (1940).

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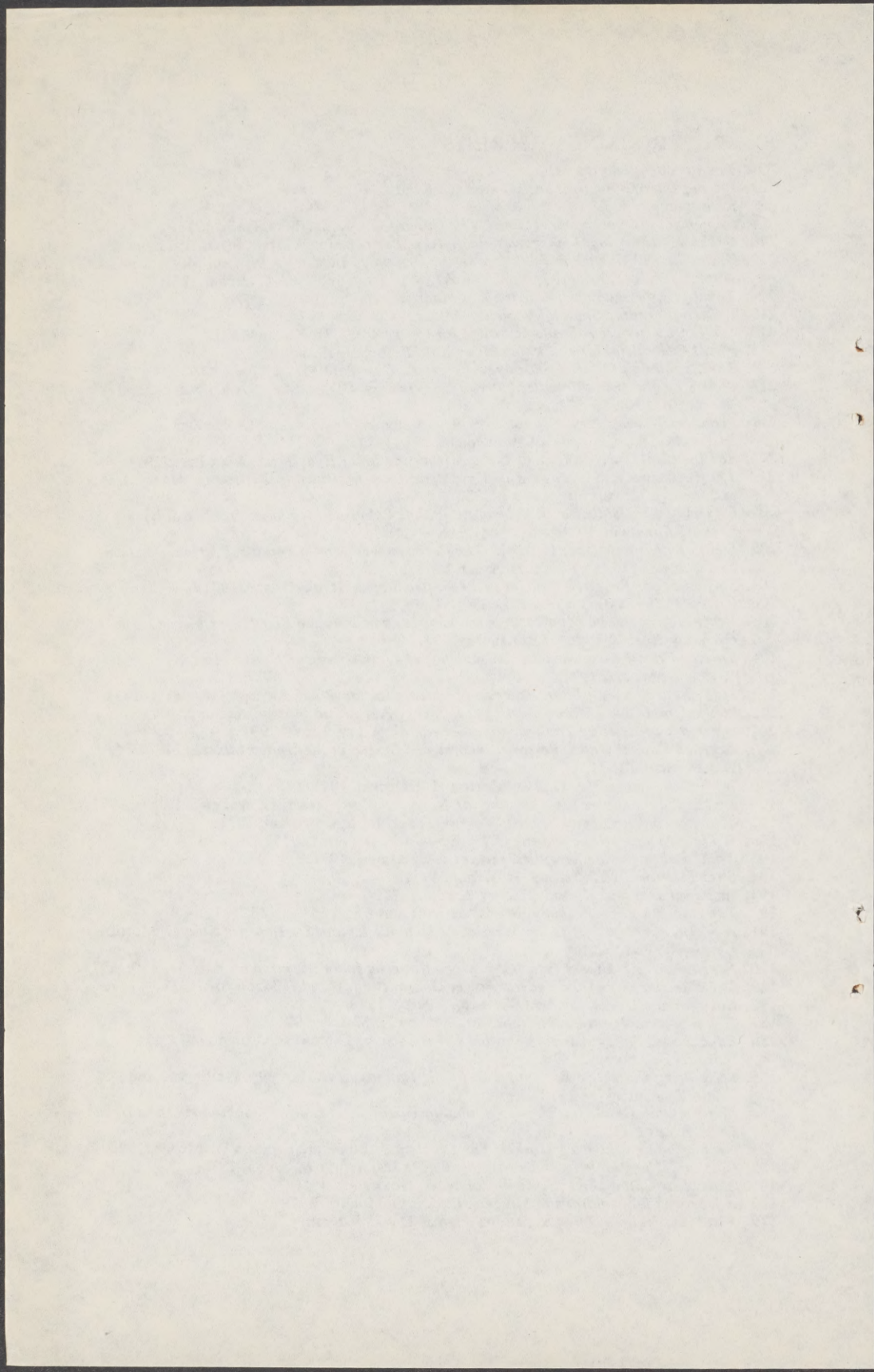
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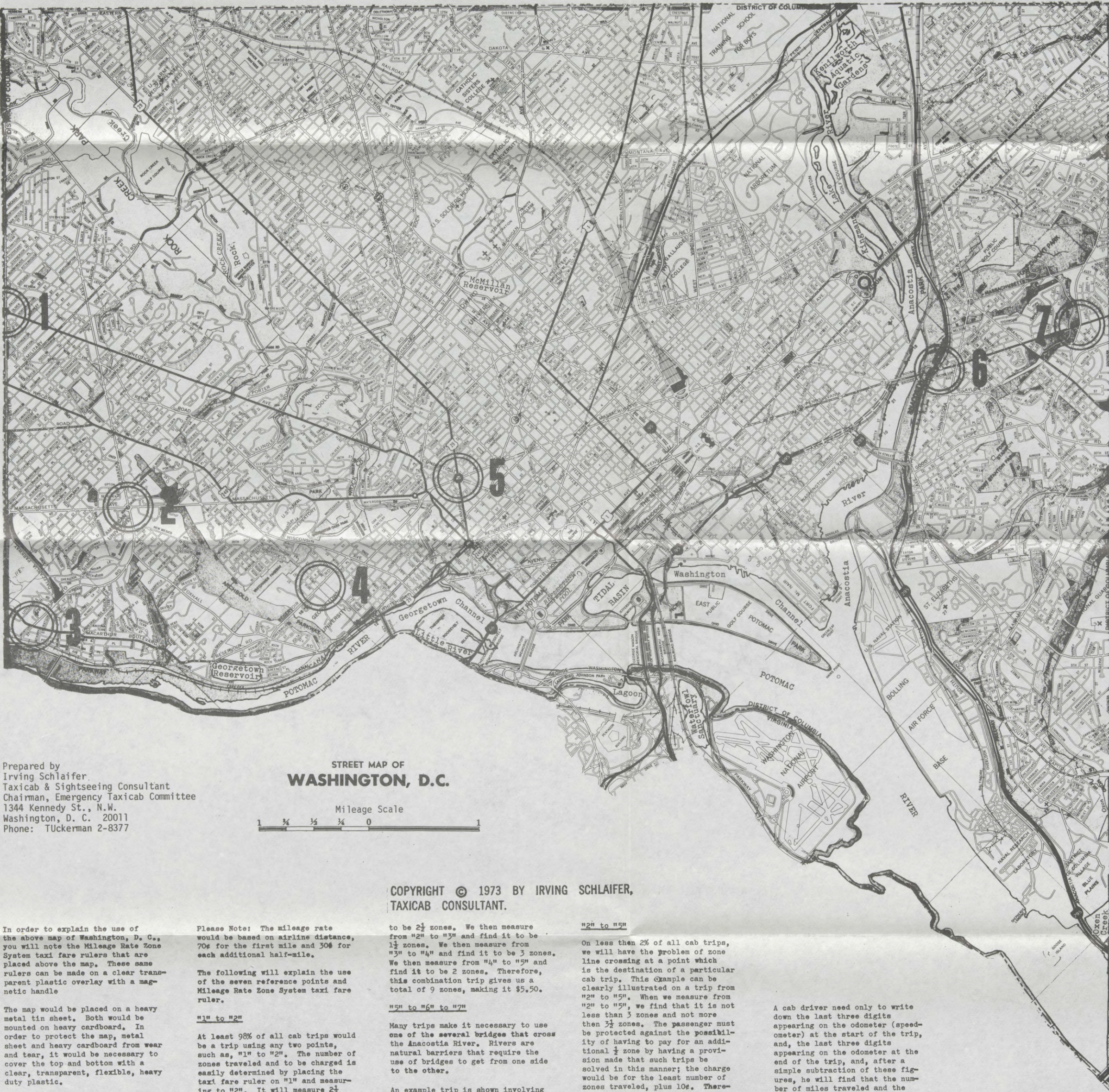


.70	1.00	1.30	1.60	1.90	2.20	2.50	2.80	3.10	3.40	3.70	4.00	4.30	4.60	4.90	5.20	5.50	5.80	6.10
1 Zone	1½ Zones	2 Zones	2½ Zones	3 Zones	3½ Zones	4 Zones	4½ Zones	5 Zones	5½ Zones	6 Zones	6½ Zones	7 Zones	7½ Zones	8 Zones	8½ Zones	9 Zones	9½ Zones	10 Zones
1 Mile	1½ Miles	2 Miles	2½ Miles	3 Miles	3½ Miles	4 Miles	4½ Miles	5 Miles	5½ Miles	6 Miles	6½ Miles	7 Miles	7½ Miles	8 Miles	8½ Miles	9 Miles	9½ Miles	10 Miles

Mileage Rate Zone System taxi fare ruler.
Additional half-mile zones.

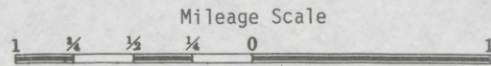
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.30	.60	.90	1.20	1.50	1.80	2.10	2.40	2.70	3.00	3.30	3.60	3.90	4.20	4.50	4.80	5.10	5.40	5.70	6.00
½ Zone	1 Zone	1½ Zones	2 Zones	2½ Zones	3 Zones	3½ Zones	4 Zones	4½ Zones	5 Zones	5½ Zones	6 Zones	6½ Zones	7 Zones	7½ Zones	8 Zones	8½ Zones	9 Zones	9½ Zones	10 Zones
½ Mile	1 Mile	1½ Miles	2 Miles	2½ Miles	3 Miles	3½ Miles	4 Miles	4½ Miles	5 Miles	5½ Miles	6 Miles	6½ Miles	7 Miles	7½ Miles	8 Miles	8½ Miles	9 Miles	9½ Miles	10 Miles



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STREET MAP OF WASHINGTON, D.C.



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In order to explain the use of the above map of Washington, D. C., you will note the Mileage Rate Zone System taxi fare ruler that are placed above the map. These same rulers can be made on a clear transparent plastic overlay with a magnetic handle

The map would be placed on a heavy metal tin sheet. Both would be mounted on heavy cardboard. In order to protect the map, metal sheet and heavy cardboard from wear and tear, it would be necessary to cover the top and bottom with a clear, transparent, flexible, heavy duty plastic.

In order to explain the use of this map and the plastic Mileage Rate Zone System taxi fare ruler, the following seven reference points are marked off on the above map.

- 1 Chevy Chase Circle in N. W., D. C.
- 2 Ward Circle in N. W., D. C.
- 3 Loughboro Road and MacArthur Blvd., in N. W., D. C.
- 4 37th Street and Reservoir Road in N. W., D. C.
- 5 Dupont Circle in N. W., D. C.
- 6 Fairlawn Avenue and Pennsylvania Avenue in S. E., D. C.
- 7 Alabama Avenue and Pennsylvania Avenue in S. E., D. C.

Please Note: The mileage rate would be based on airline distance, 70¢ for the first mile and 30¢ for each additional half-mile.

The following will explain the use of the seven reference points and Mileage Rate Zone System taxi fare ruler.

"1" to "2"

At least 98% of all cab trips would be a trip using any two points, such as, "1" to "2". The number of zones traveled and to be charged is easily determined by placing the taxi fare ruler on "1" and measuring to "2". It will measure 2½ zones, making it \$1.60.

"1" to "2" to "3"

The next most frequently used cab trip would be a trip using any three points, such as, "1" to "2" to "3". In this example, we first measure from "1" to "2" and find it to be 2½ zones. We then measure from "2" to "3" and find it to be 1½ zones. Therefore, this combination trip will give us a total of 4 zones, making it \$2.50.

"1" to "2" to "3" to "4" to "5"

The least frequently used cab trip would be a trip using any five points, such as, "1" to "2" to "3" to "4" to "5". In this example, we first measure from "1" to "2" and find it

to be 2½ zones. We then measure from "2" to "3" and find it to be 1½ zones. We then measure from "3" to "4" and find it to be 3 zones. We then measure from "4" to "5" and find it to be 2 zones. Therefore, this combination trip gives us a total of 9 zones, making it \$5.50.

"5" to "6" to "7"

Many trips make it necessary to use one of the several bridges that cross the Anacostia River. Rivers are natural barriers that require the use of bridges to get from one side to the other.

An example trip is shown involving points "5" to "6" to "7". This trip originates at "5" and has its destination at "7". It is therefore necessary to use a bridge to get across the Anacostia River. The choice of which bridge to use, is controlled by using that bridge which provides for the least number of zones to be traveled necessary to complete such a trip.

In this example, we first measure from "5" to "6" and find it to be 4½ zones. We then measure from "6" to "7" and find it to be 1½ zones. Therefore, this trip gives us a total of 6 zones, making it \$3.70.

"2" to "5"

On less than 2% of all cab trips, we will have the problem of zone line crossing at a point which is the destination of a particular cab trip. This example can be clearly illustrated on a trip from "2" to "5". When we measure from "2" to "5", we find that it is not less than 3 zones and not more than 3½ zones. The passenger must be protected against the possibility of having to pay for an additional ½ zone by having a provision made that such trips be solved in this manner; the charge would be for the least number of zones traveled, plus 10¢. Therefore, this trip would be 3 zones, plus 10¢, making it \$2.00.

The cab passenger that wishes to have complete control of this example trip, can simply give his destination to be within the lower zone cost and walk the last half-block or block, to his true destination and in this way be charged for only 3 zones.

The above examples and instructions clearly illustrate how easy it is to use the map and the plastic Mileage Rate Zone System taxi fare ruler. This method can be easily compared to the number of miles traveled to the number of zones traveled.

A cab driver need only to write down the last three digits appearing on the odometer (speedometer) at the start of the trip, and, the last three digits appearing on the odometer at the end of the trip, and, after a simple subtraction of these figures, he will find that the number of miles traveled and the number of zones traveled, are quite often the same.

The cab driver, because of his experience and knowledge of the city, will not need to use the plastic taxi fare ruler on more than 10% of his trips. In a short matter of time, many of his passengers will just say, "Driver, you don't have to use that taxi fare ruler, I know that I am going on a 2 zone trip to such and such address."

This fact alone will bring down the number of times that the cab driver will have to use the plastic taxi fare ruler. Most important of all, he will remember the number of zones traveled on his many frequently repeated trips. This will lessen his need to use the plastic taxi fare ruler.

The Mileage Rate Zone System will simplify the job of policing cab rate charges. The

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and the

Office of Public Vehicles Services
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Washington, D. C. 20001
Phone: 629-3751

will find that the Mileage Rate Zone System will be easy to put into operation.

