

Kennedy Bids U.S. Investigate G.M. Locomotive and Bus Role

Special to The New York Times

WASHINGTON, Oct. 16— Senator Edward M. Kennedy, Democrat of Massachusetts, charged today that the General Motors Corporation might have deliberately brought about the decline of rail and bus passenger transportation because selling automobiles was more lucrative than selling buses and locomotives.

He called for immediate investigations by the Justice Department's Antitrust Division of the consequences of G.M.'s position as the dominant manufacturer not only of automobiles but also of locomotives and buses.

G.M. is the only American manufacturer of locomotives. There are two other bus manufacturers but both are heavily dependent upon G.M. for major components of their buses.

In his letter to Attorney General Richard G. Kleindienst calling for an investigation of the situation, the Senator charged that "for more than four decades, General Motors appears to have guided the development of bus and commuter rail transportation consistent with its fundamental interest in selling private automobiles." The Senator suggested, among other things, that G.M. might have held back on making technological improvements in its buses and locomotives because it was more interested in selling cars.

The Senator noted that General Motors was convicted, in 1951, of engaging in a criminal conspiracy, beginning in 1937, to induce cities to scrap electrically powered streetcars and trolley-buses, which G.M. did not make, and to substitute gasoline-powered buses. The company actually financed the purchase of old streetcar equipment and its replacement with G.M.'s buses. Although the Government won the case against G.M., it never imposed any penalty on the company other than small fines.

The Senator cited a memo-

randum on the subject prepared for him by Theodore W. Kheel, the New York labor arbitrator and transportation expert, and Bradford C. Snell, a San Francisco lawyer who worked on New York City's recent anti-trust suit against General Motors. The suit charged that G.M. had been charging illegally high monopolistic prices for its buses, thus injuring New York and other cities.

The Kheel-Snell memorandum noted that the Government had filed antitrust suits in the nineteen-sixties against General Motors for monopolization of both bus and locomotive production but had settled the bus suit and abandoned the locomotive suit.

A legal basis exists for reopening the settlement of the bus suit, they said, because the settlement provided that, if any of G.M.'s several small competitors in bus-manufacturing went out of business, the settlement could be reopened. One of the small competitors did go out of business in 1968, three years after the settlement.

G.M. Sees 'False Assumptions'

A spokesman for General Motors said last night that the company had not had an opportunity to study Senator Kennedy's letter but added that it would seem that "it is based upon erroneous information and false assumptions."

The spokesman said there was very real competition in both the bus and locomotive markets and General Motors "has no control over either market." He added that "our participation in these markets is only to the extent that we have merited the customers' patronage."

He noted that G.M.'s one and only acquisition of a bus-manufacturing company occurred in 1925 and it had never acquired any locomotive manufacturers.