a significant portion of this problem. The taxicab industry will not seek, nor does it desire, government subsidies for capital improvements or operating costs. The industry does believe, however, that the federal government has an obligation to exempt taxicabs from the 4-cent per gallon gas tax from which it receives no direct or indirect benefit.

The taxicab industry also believes that the federal government's various agencies that are engaged in seeking solutions to urban transportation, health, and safety problems should provide research and development funds and use the industry members to seek answers of mutual benefit for the public, government, and industry.

The industry recognizes that there is a limit in the rates that the taxicab industry may charge its passengers. The current trend in the industry is for 60 cents for the first sixth mile, 10 cents for each additional sixth, and $7.20 for each hour of traffic delay or waiting time. To avoid the trauma experienced by both the public and the taxicab owners when a 47 percent increase was instituted in New York City after some 5 years' delay, the industry has proposed a new plan. Instead of petitioning the regulatory agency every 3 years for a rate increase, several companies have sought and received a nominal rate increase for an extended 3-year period, increasing the rates approximately 5 to 7 percent each year. It is believed that this plan will avoid the attendant ill will, interminable delay, and substantial rate jumps that have occurred.

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I should preface my remarks by stating candidly that my only expertise in transit matters was acquired, first, as a bus driver and trolley operator and, then, through many years, as a union representative. As an otherwise unschooled and self-appointed expert without diploma, I should like to share some thoughts distilled from my experiences with what might be called the "facts of life" in the transit industry.

In terms of finding adequate answers to meet the needs of our members, the most difficult problems confronted by the Amalgamated Transit Union have almost always traced back, directly or indirectly, to the depressed and declining state of the transit industry. When it was suggested that I discuss the problems in transportation labor unions in urban areas, I knew that I would have to discuss the underlying economic realities that may well have never been thought of as labor union problems.

Nevertheless, now that the transit industry has adopted our exact-fare solution to the problem of robberies and assaults on the urban bus driver, our most critical problem as union representatives of the city transit worker is to find ways and means of rejuvenating public transportation as an economically viable institution in urban areas.

After all, a city transit worker is looking for something we all want—a secure job and earnings adequate to provide a decent standard of living. The transit industry has all too often failed to fulfill either of these 2 basic human goals. In the depression years, a job in this industry was considered a good job because it offered steady work at a time when so many were irregularly or totally unemployed. More recently, however, as one transit system after another has shut down or cut back to a shadow of its former self, the number of our members terminated or laid off from their employment has reached shocking proportions. What can any labor leader really do for any union member who is suddenly confronted by a total and permanent loss of his employment at a time of his life when his chances of finding a new job in some other industry are, in most cases, very slim?

It has sometimes been suggested that the answer to that problem is for all the workers on the system to accept lower wages so that there will be more jobs, shared by more workers, but with less pay. We disagree with those who suggest that the way to solve the problems of the transit industry is to reduce wages or to keep compensation at the lowest possible level at which an adequate supply of manpower can be retained to operate the system. We do contend that the inability of the transit industry to provide steady jobs paying proper and adequate wages and providing adequate pensions, health and welfare benefits, and other conditions of employment is one of the most serious problems confronted by our membership today.

For years we of transit labor have been wrongfully accused of causing the industry's economic decline. It has often been said that our wage increases, if and when we get them, are the starting cause of the whole vicious cycle, producing ever-increasing fares, ever-worsening and reduced service, and loss of ridership and leading to reduced revenues and further fare increases. This is a gross distortion of what is truly the transit industry's economic problem. Of course, the cost of labor will climb most rapidly in an inflationary era and have greatest impact in a labor-intensive industry such as transit. This does not mean, however, that the transit worker should forgo wage and benefit improvements that other workers receive. This would merely require the transit employee to subsidize transit operations whose true costs neither the employer nor the community as a whole has been prepared to pay.

The real cause of the industry's worsening economic position is not increasing labor costs but declining productivity of labor and equipment caused by the ever-decreasing number of passengers that are carried for each mile or hour of service operated. Obviously, the fewer the passengers are who ride the vehicle and the slower the speed of travel is, the more the fare or other charge must be in order to meet the operating and capital costs of maintaining the service.

We in the ATU are firmly convinced that we could be of no greater service to our membership than to help the industry and our elected officials at all levels of government find an answer to this key problem: How do we increase productivity? How do we get more riders on the bus or other vehicle? How do we expedite and improve the service so that it will be available and used by the entire metropolitan community and not just those few captive riders who do not have an alternative means of private transportation?

Just as we struggled for years with the robbery problem before we finally found a satisfactory solution in the form of exact fare, so we must come to grips with this problem of declining productivity. We have been frustrated, especially in the years since passage of the Urban Mass Transportation Act of 1964, by what we consider the failure of government policy-makers and industry management to respond dynamically and effectively to this challenge. During all these years, hundreds of millions of dollars of taxpayers' money have been spent in highway building and in providing parking facilities, both of which encourage urban sprawl, dispersed trip origins and destinations, and more and more reliance on the automobile in direct competition with our industry. The automobile, in turn, not only competes with public transportation but causes the traffic paralysis that stalls public transit vehicles in daily traffic jams. Meanwhile, the federal transit assistance program receives but a small fraction of the money spent on highways, and these funds may only be used for capital improvements, which, experience has shown, will not of themselves reverse the downward trend in transit ridership.

After careful study based on our earthworm's view of the industry and much concentration born of bitter hardship, low earnings, and lost jobs, we believe we have an answer to this problem of declining productivity. We think there is only one really workable means of attaining the dramatic increase in transit ridership that urban areas urgently require to combat congestion, pollution, unemployment, and other economic and social ills. We propose that public transit be operated everywhere in America on a completely fare-free basis and that the costs of providing such transportation be prepaid by the taxpayer. This will offer to every urban citizen an efficient, convenient, and attractive public transportation alternative to the use of his private automobile. In other words, this would be a new form of universal public transportation supplied by and for the entire community served by the system at absolutely no user charge to the passenger.

We are very hopeful from the letters we have received from members of Congress and the secretary of transportation and from the proposals made by others, such as the mayor of Atlanta and the management of the Chicago transit system, that a very real ground swell is developing in support of this form of no-fare prepaid transit. In fact, we are perhaps now on the very threshold of a dramatic restructuring of our industry to provide sufficient financing to make transit one of the most effective tools we have for the solution of urban problems.

As a society and as an industry we are, indeed, late in casting off the misguided notion that transit must be entirely supported by the rider, who must not only pay for his ride and provide a profit to the system owner but also contribute his share of the taxes levied on the industry and, in addition, subsidize the automobile owner who does not fully pay his way. Such outmoded and inequitable concepts have plagued our public transit operations and their riders long after such principles have proved to be unworkable.

The hard economic facts of public transit with which the worker in the industry has become all too familiar are that increased fares will never produce enough revenues to permit the transit system to cover its costs and at the same time provide the same or improved services to the community. Fortunately, many have now expressed a different concept of "public service," which is the underlying philosophy of the prepaid system of transit espoused by the ATU. As stated by former transportation secretary John Volpe, "These services are considered so important that the entire community must agree to share the burden of supporting them."

Many states and localities have, in fact, already moved in the direction of tax-supported transit as a public service. According to a 1971 report by the U. S. Department of Transportation, "During the decade from 1961 to 1971, the number of municipalities that provide operating assistance to transit systems increased nearly 300 percent (from 21 to 81)." In 1972, the Wall Street Journal reported that the number of systems receiving subsidies had reached 128, with 35 more in prospect.

In the past 10 years, the acute financial crisis in transit has created a strong movement toward public ownership and operation of essential transit services. By the end of 1970, the public sector already included 141 publicly owned systems, producing 80 percent of all revenues, operating 68 percent of all vehicle-miles, carrying 81 percent of all revenue passengers, employing 82 percent of all transit employees, and owning 66 percent of all transit vehicles. The cycle is continuing and will soon be close to 100 percent.

Under public ownership, urban transit systems need no longer be operated to make a profit for a private owner. Under existing enabling legislation, the system often need not even be self-sustaining. If sufficient tax funds are provided, it may even be legally permissible without new legislation for some cities to do away with the fare box altogether. In any event, under public ownership, the old theories of public utility pricing and profit-making private enterprise can give way to a higher concept of true public service. Thus, in the Amalgamated Transit Union, we are firm in our conviction that revitalization of our industry should be based on better service to the public and equitable cost sharing by all those who benefit from transit. We want to go beyond fare stabilization or even fare reduction to a totally different theory of publicly financed transportation in metropolitan areas.

At our convention in September 1971, ATU delegates from all parts of the country adopted a resolution supporting no-fare transit operated under public ownership and supported entirely by public funds. The delegates also urged improved service through means such as express bus lanes and demand-responsive doorstep service. The delegates did not support public ownership as an end in itself, but merely recognized that public funds are seldom made available to privately owned transportation systems.

In Sacramento, California, a 2-day test of a 1-cent fare produced a 216 percent increase in ridership with all available equipment pressed into service and filled to capacity. The city of Rome, Italy, terminated a second experiment with a no-fare program during morning and evening rush hours because of lack of equipment to accommodate increased users.

Experience with no-fare transportation and studies on this subject, including those in opposition to the concept, agree that no-fare transit will produce greatly increased ridership. This, in turn, permits much more frequent service at lower unit cost. Removal of the fare-box charge alone creates a substantial financial incentive to the passenger to make regular use of the service. In addition, the prepaid, tax-supported feature of fare-free operation builds in a natural desire on the part of every taxpayer to make maximum use of the services he has already paid for.

Increased ridership inspired by this different service structure enables transit labor and equipment to become much more productive measured in terms of the number of passengers carried per vehicle-mile and cost per ride. In our national economy the average annual productivity improvement factor usually ranges between 3 and 4 percent. Yet in Atlanta, in the first 2 weeks of a reduced-fare operation (from 40 to 15 cents per ride), the public system achieved a 26 percent increase in productivity with no increase in total labor cost.

Substantial operating economies are also possible in the operation of any permanent fare-free transit system in that all money handling, security, and accounting procedures inherent in the fare-collection process can be eliminated. These direct and indirect costs incidental to collecting fares range anywhere from 7 to 15 percent of total industry revenues according to the best estimates we have been able to obtain.

Substantial operating efficiencies will also flow from institution of a no-fare system. Trip times will be significantly shortened, headways will be lessened, and overall system speed per hour and mile of operation will pick up. If no fares are collected, vehicle configurations can be adjusted to permit maximum speed of passenger ingress and egress. Vehicle seating capacity can be enlarged. We see more use of the double-decker bus and introduction of new bus-train systems and other innovations and improvements under a no-fare system.

In our judgment, a fare-free method of transit operation has the best chance of reversing today's pattern under which it is estimated that 94 percent of all daily passenger trips in large urban areas are made by automobile and only 4 percent of all others are made by bus and rail transit.

Not only will increased system speed under a no-fare system permit more service to be provided with the same equipment and operator, but, as traffic congestion eases and more rush-hour trips are made by bus and rail, providing more express bus lanes in and out of central districts will be feasible.

A no-fare policy, coupled with service improvements such as the express bus lane, will reduce the number of cars on the streets, promote greater mobility, lower air pollution, cut traffic deaths and injuries, slow highway and parking lot construction, and generally revitalize the central business sections of our communities. We fully anticipate that no-fare transit will provide to each affected individual more than enough savings on expenses and travel time to offset any tax levies and charges that will be necessary to make no-fare a financially practical operation. This will even be true of the private automobile owner who chooses to continue to use his own transportation in preference to the public system.

Of course, a tax-supported transit system offers special advantages to the poor and the disadvantaged. For this group in particular, a new freedom of movement will permit travel within the metropolitan area at any time and for any purpose. With this unrestricted mobility, all segments of society should partake more fully of the activities and opportunities offered by our cities. We see no-fare transit as a public service, concerned with people rather than with profits. It should help tear down ghetto walls and make all our citizens less angry and frustrated.

How do we get the taxpayer—the ones who do not use public transportation—to agree to pay the costs of such a program? If no-fare transit is to be instituted, the taxpayer must be persuaded that it is to his advantage that public transit be financed as a public service.

The ever-growing number of states and communities already providing public funds in aid of transit are proof that it is not impossible to win tax support. Among the financing mechanisms already in use throughout the country today are a cigarette tax in Massachusetts; higher gas and electric rates in New Orleans; a sales tax on gasoline in California; a millage rate on the property tax in Toledo, Oakland, and Boston; dedicated parking meter revenues in Baton Rouge; a payroll tax in Portland, Oregon; a householder utility tax in Seattle and Spokane; a wheelage tax on motor vehicles, replaced after litigation by a millage tax, in Minneapolis-St. Paul; and increased bridge and tunnel tolls in New York City and Camden, New Jersey. It is just a step from the 15-cent fare now charged in Atlanta and New Orleans to a totally fare-free system. Other cities may have farther to go, but many are already moving to reduce fares.

A persuasive argument can be made that it is more equitable for the entire community to share in the support of the transit system through taxes levied on all those who live, work, and do business in the area than for the poor, the aged, the infirm, the young, and other captive riders to shoulder the entire cost of a bare-bones transit service from which the whole community benefits. It is clearly the user charge and not a general community tax that is inequitable.

Another strong argument in favor of this form of equitable tax financing is that no-fare transit provides more transportation at less cost than any other system. Moreover, the total cost per household should be no more than the present fare most cities charge a rider using public transportation to go to and from work on the basis of a 5-day week. In New York City, for example, according to Robert Abrams (2), it should be possible to "eliminate the charging of a fare on all public mass transit by substituting a \$3 weekly payroll tax that would not exceed—and in many cases would be less than—the present average weekly mass transit cost to the wage earner. Business and industry would pay the balance of the bill via a 1.8 percent tax on profits."

In the Washington, D.C., metropolitan area, the total private and public employment is approximately 1,110,000. A weekly payroll tax of \$4 per employee (the equivalent of a 40-cent basic fare, 2 daily trips, 5 days a week) would generate approximately \$231 million annually. (A portion of this amount could appropriately be assessed against and paid by the employing entity rather than the employee.) The gross revenues generated by the 4 transit companies in the Washington, D.C., area in 1972 were approximately \$50 million annually. Accordingly, the revenues from a \$4 weekly payroll tax would permit something in the order of a fivefold expansion of transit (which would be necessary because of greatly increased utilization of the system) and no increase in cost to the present rider. This proposal would actually reduce an average household's total transportation cost because the entire family could use no-fare transportation at a cost to the family not exceeding the fare now paid by the individual worker. We recognize, of course, that as long as public transportation continues to be provided by private enterprise, subsidization of transit, except possibly on a temporary emergency basis, is not likely to be forthcoming.

Those who oppose any system of tax support for the operation of transit often do so on the grounds that such subsidies would become a "bottomless pit," that they would tend to perpetuate poor management and uneconomic services, and that they would lead only to a bonanza for labor at public expense. Obviously we would not be supporting no-fare transit if we did not fully expect that such a program would provide transit labor with better job security and the potential for greater earnings. Although we would oppose any system of no-fare transit or other operating subsidy program designed to deny the worker this chance for improved wages, benefits, and working conditions, our interests, as well as those of the community, dictate that any such program include safeguards for economic and effective use of the tax resources provided. We do not argue that fare-free transit should be established on a cost-plus basis with all deficits, no matter how large, simply prorated back to the overburdened taxpayer. A no-fare transit system will only work if it is properly preplanned, budgeted, and managed efficiently and the costs of its operation are collected in regular installments from the taxpayer on a pay-as-you-go basis. It is only sound to insist that a no-fare public transit system operate within a definite financial budget not exceeding the anticipated amount of tax funding available. System management should be expected to operate within budget and policy guidelines and to provide only the amounts and kinds of transportation that the local community desires and is willing to finance. A suitable system of incentives and penalties should be devised that would ensure effective management. If this is done, there is little chance that undesired service will be operated or that labor costs will grow disproportionately to the services provided.

We are similarly unimpressed with the argument against no-fare transit that its cost would be beyond the resources of our hard-pressed cities to provide. We are well aware that, if we look at the country as a whole, some $2 billion would be required annually just to replace the revenues collected by existing systems from the fare box. It is also true that the increased ridership induced by the free fare will generate increased costs of operations due to the maintenance of a larger work force and equipment, much of which cannot, under present circumstances, be effectively utilized during off-peak hours. What, then, are the alternatives, and are they any less or more expensive?

Broadly speaking, the only alternatives suggested as a long-run solution to the economic problem of transit are manpower-reducing techniques calling for massive expenditures for new capital equipment, automated rapid transit systems, people movers, and the like. The proponents of the capital-intensive approach would have us believe that, since as much as 80 percent of all transit operating costs at present are labor costs, the only way to solve the industry's economic problem is to eliminate labor.

Really, when one analyzes the situation, one quickly realizes that subways and people movers are not reasonable solutions to the problems of any urban area already suffering from extreme traffic congestion, pollution, and lack of an adequate public transportation system. We already know from experience with the San Francisco Bay Area Rapid Transit System and with the Washington Metro system that, from the time fixed-rail systems are first planned until they are operational, at least 10 to 12 years will have elapsed.

In addition, any fixed-rail system operates in only a very narrow corridor and provides service only to a portion of the total community. Most present metropolitan areas lack the high-density development required and the clustered trip origins and destinations justifying a fixed-rail system.

But perhaps the most important point to consider is the astronomical cost of constructing such systems. In Washington, D.C., for example, 1972 cost figures show that it will take no less than $3 billion to build a 98-mile rail system that can serve but a small portion of the entire metropolitan area even if adequate feeder service and downtown distributor systems are provided. It is obvious that the $31 million per mile average cost of constructing such a system is prohibitively expensive. When the $2.4-billion net interest cost of floating revenue bonds is added, the effective construction costs of Metro are $5.5 billion, or $56 million per mile. To build just one rail rapid system in this single city will cost $2\frac{3}{4}$ times the industry's total annual operating revenues, country-wide.

We express no objection to the expenditure of public funds for the construction of new rail rapid and fixed-guideway systems if they can be justified in terms of cost effectiveness and if adequate safeguards that protect employees against automation are attached. The point we wish to make is that, in terms of immediate availability, lesser cost, and greater potential for making all citizens more mobile, no-fare transit is a far more effective replacement for the private automobile than any other alternative now under consideration. The continuing decline of ridership even on rapid transit systems under the present fare structure is adequate proof that fixed-rail and -guideway systems will not of themselves bring about an immediate, significant, and permanent upturn in transit ridership and reduction in the use of private motor vehicles in urban areas.

We are hopeful, therefore, that one or more major cities will give this form of prepaid, tax-supported transportation a fair trial. We know it will work and, if it does, that it will spread across the country just as did the exact-fare system that was instituted in Washington, D. C., in 1968 and was in use throughout the nation within 4 years.

If this should happen, a new era will have come to transit and we of transit labor will have solved many of our most pressing internal problems because we will have provided better job security for our members and an opportunity for greater earnings by making the transit worker and the industry itself far more productive in their joint task of providing an essential public service.

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