

THE SUBSIDY ISSUE REDEFINED

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•THE PRECEDING PAPERS are better titled the case against subsidies. The authors are primarily from the university and the consultant communities. Although these authors are highly competent and well versed, they are grounded in theory and have not come to grips with the day-to-day issues that affect people trying to move through our cities. The papers made no mention of the portion of the population that is transit dependent, those people who rely on the existence of a decent transit system at a reasonable cost. The authors may fairly be described as antisubsidy.

The representation needed to provide a more rounded perspective on the issues was not included in the TRB conference session in which the preceding papers were presented. Representatives of neither transit authorities, state or local government, nor the transit dependent were included. Therefore, I feel compelled to present for consideration the other side of the coin. Public transit subsidies are a necessity to the maintenance of the urban organism.

In 1974, public transportation in the United States ran a deficit on the order of \$1.3 billion. Yet, just 12 years ago, public transportation was a money-making proposition. The transformation that occurred has been a stark lesson in reality, but the numbers, in themselves, are insignificant; suffice it to say that the day of the privately owned transit company is over. Many have been merged into public authorities; some are gone. Ridership continues to deteriorate, and costs continue to spiral. The result seems inevitable: higher and higher deficits. But it is not so immutable a cycle as it appears.

The other papers in the Record have taken the present deficit situation and dissected it on a theoretical plane. This approach, although technically sound and interesting, begs the issue; deficits are here to stay if public transportation is to remain a public good. Thus the choice for the present is not whether to subsidize public transportation. More accurately, the choice may be whether to have public transportation at all.

Although this might seem debatable to some, to me the answer is obvious; I take it as a given that the urban system cannot function healthily without public transportation. There are too many people in cities who must use public transportation in their everyday activities. These include the urban poor, the young, the elderly, the physically handicapped, large families, families without cars, and so forth. In inner-city areas especially, where public facilities are not always available, the combination of transit-dependent groups and greater need for transit can be debilitating.

Not only must transit be maintained for these groups, but also it must be maintained at a price they can afford. Thus the subsidy question posed above is moot; we must provide subsidies. The question now becomes how to design a logical subsidy program that will maximize the return on the investment, for the transit subsidy is a critical investment in our collective urban future. It is this issue that most profitably could have been addressed in the previous papers.

The arena in which the subsidy issue is usually discussed is charged with emotion, as well it might be, for much is at stake. Yet a valid perspective is generally lacking. Most urban transportation experts point to the need to reduce automobile use and to get people back on transit. At the same time the use of subsidies is criticized as unsound. Ironically, though, the present modal choice has been shaped by a policy that invested untold billions of dollars in highways and continues to subsidize the motorist at a pace that is difficult to fully comprehend.

In the Washington, D.C., metropolitan area, local government is wary of increasing costs, let alone those that may be called subsidy. Still the city continues, unwittingly, to dole out millions of dollars in direct automobile subsidies. An approximation of the amounts involved may be seen by looking at actual city expenditures directly related to

highways, such as police-related costs, the court system, and the like. In fiscal year 1974 expenditures were \$29 million in excess of automobile-related revenues. This is triple the District's share of the transit subsidy for that time period. And this figure is only for direct dollar expenditures. If indirect costs were compiled, such as the cost of air pollution, noise pollution, and the like, the subsidy would be much higher. If the additional value of federally supplied parking to employees in the central city were included, the subsidy would increase on the order of \$10 million. And, whereas the transit subsidy has only recently emerged, the automobile subsidy has been present for at least 20 years. This has been documented in studies of Milwaukee, San Francisco, Chicago, and other large metropolitan areas.

It is this incredible differential in priorities that has created a road network that is vastly superior to any public transit system operating in the country. There is no way, short of mandatory controls, that the motorist will forsake the privacy and convenience of his or her car for a ramshackle, unreliable bus that takes longer to arrive. If mandatory controls are to be avoided, then, the only alternative is to win the motorist by creating a service that competes with the automobile, that is faster and more reliable, and that is as comfortable, convenient, and enjoyable to use. This is not feasible without massive expenditures equivalent to those that the urban highway and street network has received and continues to attract.

Cities have recognized or are about to recognize that subsidies are required to keep public transit going. The resultant policy has been to provide enough of a subsidy to keep the service going and nothing more. In some cases service is cut back even further. It is this policy that creates the vicious cycle I referred to earlier. If you take two competing concerns—one that is healthy and thriving and the other that is feebly trying to exist—and if you provide funds for them both to maintain their present states of existence, then it goes without saying that the healthy will thrive and the ill will barely survive. We point to the money that has been spent on public transportation and wonder why miracles have not happened, why people have not flocked from their cars to the buses. The answer is just too obvious to see; expenditures on public transit are nothing compared to the investments that the automobile has benefited from and continues to receive. Of course the modal split is not significantly affected.

In Washington, D.C., the Washington Metropolitan Area Transit Authority (WMATA) maintains a service philosophy that has seen regional bus ridership erode by more than 60 percent since the early 1950s. The profit motive that shaped its private predecessors, although officially gone, is still a prevalent factor in decision making. WMATA resists service innovation and clings to methods that have long been outdated. It is on these policies that the fate of the transit systems rests. The cliché that "war is too important to be left in the hands of the generals" holds here; transit is too important, and too fragile, to be left in the hands of the transit operator.

Although I may have overstated the case, the picture is not far from accurate and certainly reflects a widespread condition that precludes the possibility of real change. It will take a new approach to service, one that will begin to develop a modal capability approaching that of the automobile, before significant change occurs.

The previous papers criticized transit proponents who claim that subsidies will cure the existing ills. They cite statistics to prove that this is not the case. However, there is no way to prove or disprove this case because there is no city in the country where the level of transit subsidy has even approached that of the automobile. There are only a few cases where public transit can compete with the automobile in terms of time and convenience; in these cities transit attracts a significant ridership.

In any case, few serious advocates of public transportation will maintain that subsidies in themselves will significantly affect the modal split. It is clear that major changes will not occur so long as measures are only meant to avert disaster. We are reacting to past situations instead of anticipating future situations. This must change; we must develop a total policy program that includes

1. A major improvement in service,
2. A decrease in direct and indirect automobile subsidies,
3. Disincentives that discourage automobile use,

4. A federal and local policy to encourage transit ridership, and
5. Subsidies to keep the cost reasonable.

Measures to date have been half-hearted in most areas. Only a few cities have really committed themselves to change. One of these is Atlanta, where reduced fares and increased service have increased ridership, not drastically but significantly. Some are disappointed in the results; they expected overnight miracles. The commitment must be long term.

Local commitment is not enough. Washington, D.C., which is only feeling the stirrings of local commitment, has seen several of its options effectively eliminated. A variety of actions meant to tax commuters and discourage automobile use have been forbidden, for the time being, by a Congress committed only to itself (commuters, all, who probably rarely see the inside of a bus).

The previous papers dismissed subsidies as being unproductive and rewarding inefficiencies that perpetuate the policies that created them. True, subsidies have had this effect in the past. There is, however, no reason to maintain the subsidy procedures that have done this. There are approaches to the subsidy issue that can, forcefully, be productive. One approach is to provide funds in the form of incentives: to reward increasing ridership, especially of transit-dependent groups, to reward increasing vehicle productivity, and to reward efficient procedures. Sound approaches that have been suggested are still untested.

Nor do subsidies have to be oriented to the transit operator per se. There are resources available for public transportation that are grossly misused. Taxis, for example, represent a vast potential for public transportation. If a service structure that complemented the transit operator were established and incentives (read subsidies) provided to maintain that structure, we would certainly be increasing productivity. Many cities in the world use taxicabs extensively to supplement transit. But in this country most of these applications are illegal, in part because of bus operator pressure to reduce competition. It is time to foster cooperation in this area.

I do not believe that the vicious cycle of deteriorating ridership and escalating costs is immutable. I am, however, pessimistic about breaking this cycle. It has taken many years to reach the point where transit subsidies have become acceptable at the federal level. It might, I fear, take too many more years for this subsidy to become more than an emergency stopgap. Until then the cycle will continue. Only when the subsidy becomes one link in a chain designed to constructively enhance transit, in performance and in image, will the cycle be broken.

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