

venture. Without these realities, all we can expect is more of the same: empty rhetoric and pointless technical polemics, leading to what Thomas Huxley called "the great tragedy of science—the slaying of a beautiful hypothesis by an ugly fact."

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Until my escape to the private practice of law a few years ago, I had been involved in problems of regulating urban transportation for 5 years as chairman of the Washington Metropolitan Area Transit Commission. I will give a brief history of the course of events during that time and in the year following with regard to transit fares for D. C. Transit System, Inc. (now the Washington Metropolitan Area Transit Authority), the principal carrier in the District of Columbia. This will be useful as a factual background for the somewhat philosophical analysis that I have evolved out of my experience and is the focus of this paper.

When I joined the transit commission in November 1966, a D. C. Transit rate case was in progress. The basic cash fare was then 25 cents; tokens were sold at the rate of 4 for 85 cents or 22 $\frac{1}{2}$ cents each. Fifty-seven percent of fares were paid with tokens. In fiscal 1966, the system carried 137,771,403 riders. We granted the company a fare increase in the case that was pending when I joined the commission. By the time I left the commission in 1971, the company had applied for fare increases 4 more times. Each time, a clear showing was made that costs were outstripping revenues and it was necessary to grant an additional increase. Hence, when I left the commission, after 5 years and 5 rate cases, the basic fare had reached 40 cents and there was no longer a token discount. By 1971, the number of riders carried by D. C. Transit had declined to 101,965,573, a drop of more than 26 percent.

Nor has the pressure for higher fares abated. In the year after my return to private practice, D. C. Transit again applied for a fare increase to 50 cents. In May 1972, the commission, while finding that costs would again exceed revenues, refused to grant an increase until D. C. Transit reformed its capital structure. By the time of that decision, the ratio of D. C. Transit's debt capital to equity was a staggering 18 to 1, and the commission felt that about \$6 million of equity funds should be invested. The commission made it clear that, if this were done, a fare increase of some magnitude would be granted. At this juncture, the entire matter was appealed in the courts.

Although D. C. Transit, the principal carrier in the Washington area, is the focus of this account, its situation is by no means unique. The other 3 major carriers serving the D. C. suburbs at that time were also caught in the same vicious cycle. Indeed, this same picture can be seen throughout the urban transit industry nationally.

Between 1965 and 1971, the average fare nationally increased more than 43 percent, from 21 to 30 cents. In this period, base fares increased 100 and 80 percent in New York and Chicago, and these 2 cities account for a substantial portion of total revenue passengers in the entire nation. Numerous other major cities have seen increases of 50 percent and more. In Cincinnati, the fare was 25 cents in 1965 and 50 cents in 1972. Meanwhile, to complete the cycle, ridership has fallen sharply; 17 percent fewer total passengers were carried in 1971 than in 1965 and 19 percent fewer revenue passengers.

Coping with the problems of constantly increasing fares and declining ridership in any effective way as a regulator proved to be enormously frustrating. This was basically because the tools for dealing with the root causes of the problem were simply not available to a regulatory agency. Such agencies were not set up to deal with sick companies in a generally declining market. Rather, they have their historical roots in the public utility field, where powerful monopolies provided essential services to the public and the need was to protect customers against the extraction of excessive profits.

Thus, the basic thrust of the powers granted to a regulatory agency is the review of operating costs toward the end that only reasonable costs be charged to the ratepayer. Little thought was given to situations in which the reasonable costs themselves produce rates or fares that are counterproductive or socially unacceptable. Again, regulation was historically concerned with limiting profits to a reasonable level. It does not function well where a carrier is hard put to earn any profit in competition with a heavily favored and extremely attractive alternative form of transportation. Although powers are vested in the agency to control service standards, such as routes and schedules, it was not understood that those powers are of little avail where the carrier is so pre-occupied with maintaining basic viability that seeking to extract innovation or a bold approach to risky new ventures is completely unrealistic.

As the shortcomings of public regulation of private transit companies have become more and more apparent, the most common reaction has been to eliminate both the regulator and the regulated carrier by converting the transit operation to public ownership. Four percent of all public transportation systems were publicly owned in 1959 and 14 percent in 1971. More important, between 1960 and 1972, New York, Philadelphia, Los Angeles, and 18 other urban areas with populations of more than 250,000 went "public," with the result that the 151 publicly owned systems accounted for at least 83 percent of all revenues, revenue passengers, and number of employees. Indeed, the trend is so strong that the transit regulator is a disappearing breed.

Public ownership has much to offer, particularly in making it easier to achieve the proper kind of public financial support for transit, a subject I will discuss shortly. However, clearly public ownership does not solve the basic problems of urban transit. Publicly owned systems throughout the country face the same problems of increasing fares, decreasing ridership, and deteriorating service that gave rise to public ownership in the first place. Moreover, the conversion to public ownership costs the public certain advantages and protections found in regulation of private utility enterprise. For instance, it insulates transit management from the independent scrutiny that exists when a private operation is regulated by a government commission. For instance, many publicly owned operations can set fares on the basis of determinations, not subject to review, by those who themselves conduct the transit operation. I submit that the independent scrutiny and the opportunity for review in an adversary setting, which are characteristic of rate regulation of private utilities, first, provide a desirable restraint on the interest of management in higher revenues and, second, give an incentive toward efficiency and economy.

This might manifest itself most obviously in the labor relations of a transit operation. Although I have never been a party to a transit labor negotiation, I would hazard a guess that the private operator places heavy emphasis on the difficulty of obtaining the fare increases that a given wage demand would generate. I would further suggest that the public operator, who both negotiates the wage agreement and controls his own fare level, cannot argue this point so convincingly at the bargaining table.

As I have already indicated, increasing public ownership seems largely inevitable. I point out these difficulties not to argue against it but to suggest that the continuing problems encountered under public ownership call for a more penetrating analysis of the transit problem, a subject I will address in a moment. In addition, I think these public ownership problems should be recognized in the hope that the structure adopted for a given public ownership might find a place for the independent scrutiny that exists in the regulatory role. This might be distasteful to the public operator, but its benefits for the public would outweigh the pain he might be caused.

Accepting the premise, then, that urban transit problems do not have their root causes in the shortcomings of regulation, as demonstrated by the failure of public ownership and control to solve those problems, I think that any useful analysis of the role of regulation in urban transit must look to the basic causes of rising fares and declining ridership.

This is a subject that has been much discussed and some of what I say may be already well known. I believe, however, that solutions to the transit problem will be made easier if a broad understanding of the matter is fostered. Hence, I think it is worth

going over some basic ground. Moreover, much of what I have heard and read does not carry the analytical process far enough. For instance, it is easy to find statements that the decline of public transit is caused by its failure to respond to changing patterns of demand and by its failure to provide the comfort and convenience that attract and retain patronage. I think the more interesting and basic question is, Why did transit fail to do this? The technological means to create urban transit systems that avoided these problems either exist or could have been created. We certainly have the resource base to bring such a system into being. It seems to me it did not happen because, without fully realizing what we were doing, we turned our attention elsewhere. I would like to spell out what I mean in some detail. I think we should begin by achieving a clear understanding of the real causes of the constant upward pressure in transit fares and its attendant decline in ridership levels.

In my own community and in many others, the anger and frustration that these constant fare increases generate give rise to the suspicion that they are caused by the greed or incompetence of the transit owners and operators or the venality or stupidity of those who regulate them. Not surprisingly, this is not a view that I hold. Immersion in the problems of transit quickly teaches that the constant upward pressure in fares is the product of (a) the basic economic characteristics of a transit operation and (b) the deeply ingrained social and cultural forces at work in our society.

Taking up, first, the economic factors, I will start by emphasizing the labor-intensive aspect of urban transit. According to 1971 statistics, industry payroll was 68 percent of operating expenses (including depreciation) without consideration of pension and other employee benefit costs. When all labor-related costs are considered, this component of expense can reach as high as 82 percent (e.g., in Detroit). The intense inflationary pressures in the late 1960s and early 1970s have constantly exerted an upward pressure on this labor component of operating costs. In many cases, the effect was automatic because of cost-of-living escalator clauses in labor contracts. In almost all instances, where labor contracts came up for renewal, significantly higher wage rates were sought and obtained. This is neither surprising nor reprehensible. The transit worker is entitled to seek protection from the effects of a general inflationary trend.

Transit management, however, is seriously limited in its ability to absorb the impact of increasing labor cost. Labor expense is such a large component of total operating costs that there is little chance of significantly offsetting cost reductions in other areas. An illustration should make this point clear. Assume that a transit operation has total annual operating costs of \$10 million, 70 percent of which is labor cost. If labor expense rises 10 percent, or \$700,000, it could be absorbed in the nonlabor component of cost only by offsetting reductions of more than 23 percent. Reductions of this magnitude are not possible to obtain. Moreover, in the labor component itself, there are few opportunities for automation or increasing productivity. There must be one driver for each bus, and the driver's operating schedule is largely controlled by factors of distance and traffic conditions. The same number of persons could be carried by operating larger buses less frequently, but this would be regarded by the patron as a deterioration in service.

The opportunities for coping with increased costs are limited, then, on the cost side. Equally severe restraints exist on the revenue side. For reasons that I will develop in detail shortly, public transit is a culturally and socially disfavored element of society. If we look for the moment only at symptoms and not at causes, the indicia of decline in the transit industry abound.

I have already discussed the rising fares-declining passengers syndrome. Other indicia, equally familiar, are the decline in employees, the decline in vehicle-miles operated, and, most important, the industry's ever-increasing after-tax operating income deficit, which, according to the American Transit Association's preliminary statistics, was \$411,400,000 in 1971!

The transit operator, then, finds himself in a terrible squeeze: He is faced with significantly increasing costs and neither can find a way to absorb them through operational changes nor has available additional revenues from a growing market to offset

them. Again and again, he must seek additional revenues from his existing ridership through fare increases. Each time he does, the ridership decreases further. At the transit commission, we estimated that, at the 20- to 30-cent fare level, each 10 percent increase in fares would result in a 2.5 percent decrease in passengers. Others say the decline is closer to 5 percent. At the 40- to 50-cent level, the statistics, when developed, will likely show a greater decline, unless the last round strips the industry of all passengers save those whose circumstances force them into ridership no matter what the cost. Reluctance to add to the economic burden through service innovations, with attendant costs and risks, and additional capital investment, with its attendant costs, adds to the general declining trend. Eventually, in many places, transit has become a skeletal service of last resort, used only by the young, the poor, the aged, and those who, for other reasons, are without any alternative. The dismaying thing about this fact is that, although these persons dependent on public transit are not sufficiently numerous to support an adequate level of service of acceptable fare levels, they do constitute a significant portion of the urban population. According to one estimate, 25 percent of the urban population does not have ready access to private transportation.

Are we condemned to this depressing cycle of decline and decay? Must we watch our public transportation systems become a decreasingly important element in the urban environment at a time when the need is greatest? There are those who would argue that these social and economic forces should be left undisturbed—that public transit should simply find that level of fare and service that the marketplace will support. Those holding the sounder view, however, recognize the full social implications of this short-sighted approach. They recognize that transit fares have already reached levels that are counterproductive to sensible transportation planning and broad social goals. They know, for instance, that these fares drive people off the public transportation system and into the automobile, exacerbating the problems of urban living. They know that these fares impose an ever-increasing burden on those persons who can least afford it—the urban poor who are totally dependent on public transportation. Those who recognize these problems are seeking to evolve a new transportation policy and a new transportation program to deal with them.

It is in these new transportation policies and priorities, and not in the adjustments that are possible through traditional regulation, that the solution to the urban transit crisis will be found. Again at the risk of covering ground that may be familiar to some, I should like to discuss the nature of the transportation policy we have been pursuing and its effect on urban transit and to indicate the lines along which that policy should be reshaped.

To understand our transportation policy of the last several decades, we must begin with the role of the automobile in our society. The broad availability of this incredibly convenient and personal form of locomotion has been a profound force. Although it is fashionable today to dwell on its evils, we should at least initially recognize that it is one of the most liberating inventions of the twentieth century. It provides a degree of freedom and mobility that we tend to take for granted but that would be a source of wonder to anyone viewing it anew.

Because it offers so much, the automobile has profoundly affected our society and shaped our urban development patterns. It has drastically affected our travel patterns, both in intercity travel and within our own communities. It has set a standard of convenience and comfort by which the public transportation system is judged. Most pertinent to my present subject, this love affair with the automobile has deeply affected public policy concerning the allocation of resources to transportation systems. Particularly since World War II, the overwhelming portion of public funds expended for transportation systems have been spent on facilities for the automobile.

Federal outlays for the Interstate Highway System alone amounted to \$44.8 billion through 1971. Another \$16 billion or so is estimated as needed to complete the system by 1977. Of course, there are other annual highway outlays by the federal government and by state and local governments as well. Taken together, these amount to tens of billions of dollars since 1945. In comparison to these staggering totals, federal grants

for public transportation through 1970 totaled \$735 million. The 1972 budget appropriated \$600 million for public transportation; the 1973 budget, \$1 billion.

This resource commitment to the automobile is also reflected in land use patterns. In most cities, substantial land areas have been set aside for streets, highways, and parking facilities for automobiles. Several studies have estimated that approximately half the land in the central business districts of major cities is devoted to these purposes.

This preoccupation with the private automobile, in my judgment, has dried up the incentive of transit management to make the investment and the technical change necessary to keep transit a vital and growing element in the overall transportation picture. A standard of convenience and comfort was set that transit could not easily meet. A dispersion of travel patterns and demands was created that could not be conveniently served by conventional transit systems. Meanwhile, enormous sums of both public and private investment were being poured into systems and facilities designed to accommodate the automobile. Little was left over for the public transportation element. Even a status consciousness came into play. One indicia of success was the assigned parking space, and escape from dependence on public transit was a step on the ladder upward.

Much of this commitment of resources to the automobile has taken place without awareness, much less analysis, of the fact that an allocation was being made between competing systems. Rather, policy-makers were simply observing the fact that we were, by the millions, acquiring more and more automobiles and relying on them more and more. It seemed obvious that facilities had to be provided for their use. Thus, the post-World War II period saw an accelerating pace of development of superhighways, parking facilities, regional shopping centers, and other automobile-oriented forms of investment.

Not until the 1960s did the drawbacks to our ever-increasing reliance on the automobile clearly emerge. Some persons began to see that this marvelous machine has a voracious appetite, particularly in the urban setting. Its ever-increasing use for work-home commutation was creating peak demand that called for facilities that destroyed vast areas of our cities. Moreover, these facilities never seemed to be enough. Their very creation generated new levels of demand, new problems of congestion, and further destruction of neighborhoods. The impact of these millions of internal-combustion engines on our air quality also became apparent—naturally enough in California first. At the same time, the deterioration of public transportation systems (the basic causes for which, in my judgment, are the forces created by the automobile) reached a point where their shortcomings became more and more painfully obvious not only to their users but to those responsible for formulating public policy.

These increasing insights into the impact of our reliance on the automobile have evoked a response. First, the whole question of transportation policy became a matter of increasing concern in academic circles and to government officials. Second, the resultant examination of such policy created an awareness that we had been committing the largest proportion of resources to the automotive sector of the overall transportation system. From this awareness has flowed a determination to allocate more resources—of money, of talent, of governmental time and attention—to the public transportation sector. The results of this reordering of priorities can easily be traced.

Until 1965, no federal money was spent for public transportation. In February of that year, the first "capital assistance" grants under the 1964 Urban Mass Transportation Act were approved. By the end of 1970, \$735 million in federal funds was committed for grant projects. Another \$66 million was devoted to capital loans and technical study grants. The scope of federal involvement increased dramatically in 1970 with the passage of the Urban Mass Transportation Assistance Act, which envisions a 12-year, \$10-billion program of aid. Since there were nearly \$4.5 billion of grant applications pending at UMTA and since estimates of capital needs for the remainder of this decade are in the range of \$20 billion, the \$1 to \$2 billion of annual federal expenditures contemplated by the 1970 act are certainly not out of line.

I am not suggesting that we have now evolved a sound urban transportation policy that is bringing into being the kind of total transportation system that best serves the

public interest. Far from it. As the dollar figures just cited demonstrate, formulation and implementation of a sound overall policy are still in early stages. I should like to discuss briefly where we are, where we should be going, and the implications of these facts for transit regulation.

Where are we, then? First, we still have a basically sick urban transit industry. The threat of fare increases continues; new equipment is not being purchased, and average bus age is lengthening; unscheduled cuts in service are becoming more frequent; there are discussions and formal requests to cut back on routes and schedules.

Where should we be going? The first order of business, it seems to me, is to break the vicious cycle already discussed and stabilize the situation of existing transit service. This is vital for a number of reasons. First, riders lost as a result of further deterioration in service or increase in fares will be difficult to regain. Hence, commitment to the goal of revitalizing transit implies stemming losses now. Second, fares have already reached levels that are socially counterproductive. Third, existing inadequacies of public transportation are of serious proportions and should not be exacerbated. Finally, the lead time required for the creation of any significant new public transit facility will be substantial.

If the analysis of the basic economics of transit operations that I discussed earlier is valid, and I believe it is, this objective of stabilizing existing transit service cannot be achieved through conventional regulatory means. It cannot, in other words, be achieved by bringing fare-box revenues in line with cost of service. A source of financial support other than the fare box must be found. I must emphasize that this is not necessary simply to achieve stability of fares. As long as transit systems are financially ill and generally declining, the kind of innovation and risk-taking needed to increase demand for transit service will almost certainly not be forthcoming.

For these reasons, I have been convinced for some time that, as a first and immediate step, subsidization of transit operating costs through public funds is an absolutely essential element of any program to make a basic revision in our public transportation systems. It appears that this need has been recognized. There are already a number of operating subsidies being provided at the local level. Most significantly, a bill that would provide \$400 million in operating subsidy funds passed in the Senate.

The case for operating subsidies is not one-sided. They do create problems. For one thing, the required level of support is beyond the capability of most local communities, particularly given the competing demands on their tax base. This leads to a pressure for support from the federal level. This, in turn, creates a whole range of problems, ranging from the political—a reluctance at the federal level to become involved in every local transit fare problem—to the highly technical—the need to devise a means for allocating federal funds among local jurisdictions on a basis that is equitable and acceptable to the diverse forces at work in the Congress.

The very concept of public support raises some basic problems. A means must be found to retain an incentive for efficiency of operations. In addition, there is fear that providing subsidy funds will make available an essentially bottomless pocket to which labor can look in pressing its wage demands. The whole subject of subsidy could occupy the space allotted to me here, and I will not attempt to develop these areas in detail. It is my own firm belief, however, that, given the economics of urban transit, its problems cannot be solved so long as user charges, i.e., fare-box revenues, are its sole source of financial support. Hence, if we are to reorder our transportation priorities, I think that the provision of support from public funds for transit operating costs is essential.

The provision of such financial support will only start the task of bringing the role of public transportation to its optimum level in the overall urban transportation system. To accomplish long-term results, the priorities that have guided our past transportation policies must be reordered to the end that a public transportation system is created that is a truly viable alternative to the private automobile. We must increase our investment, in both the public and private sectors, in public transportation systems. In addition, we must seek out and put into effect bold and innovative programs to give the public transit system the kind of travel times and comforts that will make it competitive

with the automobile.

One such program has demonstrated the tremendous potential in giving priority of movement to public transportation. The Shirley Highway project in the Washington area is perhaps one of the most encouraging developments in public transportation in recent years. On that highway, a main arterial to the south of Washington, conditions of extreme congestion have existed for many years. Additional limited-access, reversible lanes have been added in what was the median strip. Those lanes are reserved for buses during the morning and evening peaks. In addition, a temporary roadway for buses has been built from the point where the permanent lanes now end to the Potomac River. As a result, buses now travel the 9-mile length from the start of the reserved lanes to the river in about 10 minutes. Automobiles, traveling in the congested regular lanes, take about 40 minutes for the same trip. Proportionate time savings are made from intermediate points. The results have been startling. Bus ridership has more than quadrupled, an almost unbelievable climb. Perhaps most amazing, before the project started, 27 percent of total persons moving on the Shirley Highway during the morning peak were on buses. In 1972, that figure was 54 percent (more than half the peak-hour travelers on public transportation!), and the number of automobiles moving on the highway in that peak period had been reduced by 2,400, a reduction of 30 percent. This project has clearly demonstrated that providing priority movement for public transportation, so that it is competitive with the automobile in travel time, can significantly increase demand for public transportation service.

This raises, as a matter of fact, an extremely interesting question of transportation policy. New rail rapid transit systems are under construction today in San Francisco and in Washington. A number of other cities either have already decided to do the same or have such a decision under serious consideration. In part, these decisions to attack the problem of urban transit with a rail rapid system are caused by the same unquestioned assumptions as to the primacy of the automobile that I was discussing earlier. A primary objective of a rail rapid system is to give the transit element of the transportation system its own exclusive rights-of-way on which to carry high-volume traffic at high speeds. This same objective could be achieved by reserving all or portions of existing roadways, or creating new ones where necessary, exclusively for transit vehicles. I am told that both the carrying capacity and the operating speeds possible through such roadways compare favorably with rail rapid systems.

The decision to go to rail systems, with their attendant heavy capital investment, is caused in part by a reluctance, deliberate or unthinking, to infringe on the priority given to the private automobile in the use of the existing street and highway systems. I do not want to push this point too far. Rail systems have other advantages that I have not touched on. Moreover, in terms of achieving the public acceptance and political support necessary to substantially improve the capabilities of transit, it may be necessary in some instances to take the dramatic step of building a rail system. However, I would suggest, at least, that the question I have raised should be considered when alternative high-capacity systems are under consideration.

Turning now from this digression on questions related to priority of movement for transit vehicles to my principal theme, I had said that solutions to the problems of urban transportation call for a reordering of priorities as between private and public transportation. This process is now going on to some degree. Already, under the transportation acts of 1964 and 1970, substantially increased federal involvement in urban transit problems has occurred. Substantial additional steps are currently under consideration. These include legislation providing operating subsidies, legislative efforts to provide federal funds for the construction of rail rapid transit systems, and the continuing examination of the question, Should the Highway Trust Fund be used in some measure for transit purposes? For anyone interested in these matters, I recommend a series of articles that appeared in the *National Journal* (1). The net result is that the level of public investment in public transportation systems has already increased significantly and will likely increase further.

This reexamination and restructuring of transportation priorities is a slow and, at times, a painful process. It has, in some cases, produced very real improvements

on the streets of our cities. It has clearly been a boon to the paper and printing industries. Anyone who undertakes to keep abreast of activities in the urban transit field cannot fail to be impressed by the vast reams of reports, proposals, and analyses that flow in from all sides. Unfortunately, the effort put into these studies is all too often not equaled by visible and concrete action by transit operators.

It is my own opinion that one reason that more concrete results have not been widespread is a lack of clarity as to the objectives that are being sought. There is a certain amount of confusion as to precisely the function that a revitalized urban transit system should perform. There are those, for instance, who would like to see the complete disappearance of the automobile as a significant form of transportation.

I would suggest that a somewhat more realistic goal is preferable. I think it is much too late to have any realistic expectation that the American public will be weaned from the automobile entirely. I would suggest that the objectives of public transit be shaped by an appraisal of the best way in which to minimize the harm done by the automobile in the urban setting. To me, this means that a primary objective of public transit should be to reduce the peaks of automotive demand. There should be, in other words, a system with a high-volume capacity to carry persons on their work-home commutation at speeds and comfort levels that equal or exceed those of the automobile. This should be augmented by a base-day system tailored (a) to provide a high quality of service focused on the central business district and (b) to meet the general travel needs of those who through age, economic circumstance, personal choice, or other reasons do not have an automobile available to them. Frankly, I do not have the technical expertise to know what this base-day objective implies in terms of a specific transportation system or what the relation of that base-day system is to the peak-hour service. It does suggest to me that somewhat different kinds of systems may be required for these separate purposes, perhaps the base-day system being demand-responsive in some way.

I should make it clear that restoring the public transportation system to its optimum role does not simply involve investment in exotic new systems or in the provision of substantial new facilities dedicated exclusively to public transit. Although this process is going on, the capabilities of existing transit systems must be exploited more vigorously than they have been in the past. Once the pressure for simple survival is removed through the provision of public support, transit management should be urged, prodded, and forced into positive efforts to increase ridership. Among the efforts that could be explored are express service, exclusive lanes, collector-distributor minibus services, and aggressive marketing techniques.

One interesting aspect of this objective is the human element. Although recognizing there are exceptions, I think it can safely be said that more than 25 years of general decline has had an impact on the quality and the attitudes of transit management. It is not easy to find transit managers willing to make bold and aggressive efforts to seek out new business and to undertake the risks involved in experimental service. There are ingrained attitudes that their business is declining, that effective means of competition with the automobile are not available, and that any new investment is pointless because no return on it will be forthcoming. Moreover, the transit business is not one to which the more talented young people are naturally attracted. For these reasons, in addition to all the other problems that must be dealt with, means must be found to attract aggressive new talent into transit management.

Pulling together some of these diverse thoughts, I would suggest that the problem of regulating urban transit today is that the basic causes of transit's problems are beyond the reach of regulatory powers. I have tried to suggest a policy that would get at these root causes. Basically, it involves a recognition that we have for many years overcommitted our resources to the automobile as the basic unit of our transportation system. We must reorder our priorities to bring the public transit element of the urban transportation system to its optimum role. This means, first, stabilizing the situation of transit by providing operating subsidies. At the same time, we must increase our investment in transit systems, and we must be willing to commit more community resources such as roads and terminal facilities to transit in preference

to the private automobile. Essential to all of this is a heightened public awareness both of the nature of transit's problems and of the objectives being sought as a solution to those problems. This, in turn, implies that policy-makers themselves must reach a clear-cut decision as to what they want to accomplish with transit.

This entire process has started. There are hopeful signs that we are moving toward the commitments needed to restore public transportation systems to a role that is obviously beneficial to the entire community. To complete the task, however, will require searching inquiry and continuing concern by government officials at all levels as well as by those elements of the private sector who can contribute toward a solution.

REFERENCE

1. National Journal. Vol. 4, No. 10, p. 393; No. 12, p. 484; No. 13, p. 525.

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It would be a most unfortunate oversimplification to describe the current ills of the taxicab industry as being directly related to the urban crisis in the United States. This, however, is substantially the situation. The taxicab industry has observed, with considerable interest, developments in bus and rapid transit operations. The taxicab industry believes that the bus and rapid transit problems today are its problems tomorrow.

The immediate problems facing the taxicab industry are (a) the inability to increase the productivity of the taxicab driver and service personnel, (b) the inability to control the increased cost of doing business, and (c) the inability to increase revenue sufficiently to offset higher costs.

A 1972 report by the U. S. Department of Transportation effectively summarizes the conditions in the urban taxicab industry. It states that the demand for taxicab service has been relatively stable since 1963. This is a gentle way of saying we are not a growth industry. The number of taxicabs and the employment within the industry have not changed substantially in the past 20 years.

Historically the years for prosperity in the taxicab industry were during World War II and the immediate years thereafter, when the automobile industry had not met the demand for private passenger vehicles and the 2- and 3-car family was not a significant factor in providing personal transportation. To many operators those were the great days of the taxicab industry. In fact every time a government installation opens, both civilian and military, we have instant cab companies. The individuals that form these companies are usually taxicab drivers with long memories and limited business abilities.

Current estimates place the taxicab industry's vehicle population at 162,000. Approximately half of these are in the major metropolitan areas. The industry employs approximately 150,000 taxicab drivers at any given time. In one year, approximately 600,000 individuals will have driven a taxicab. This high rate of turnover of taxicab drivers is one of the major problems in increasing productivity. This driver population includes employees, independent contractors, and independent drivers in local associations.

In 1948, the taxicab industry discovered and used an invention that increased productivity by 50 percent. This was the 2-way radio. Since that time, the industry has been unable to make any sizable increase in driver productivity, and the figures used in the Department of Transportation report have remained stable during a number of years.