

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.

Richard V. Gallagher
International Taxicab Association

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.

The report states that a typical trip length for a sample survey was 5.8 miles, of which 2.95 (49.45 percent) were paid miles. The number of passengers per trip was 1.3 persons, and the receipts per trip were \$1.95. Eighty-eight percent of the trips originated by telephone orders. On an hourly basis, the typical taxicab driver takes in about \$4.13, of which he receives \$1.79 (43 percent) plus tips, which in an urban area is approximately 15 percent or more, or about 60 cents per hour.

Cost analysis studies by some of the major taxicab companies and research by the International Taxicab Association show that, under the present rate structures, a company must achieve approximately 60 percent paid-mile/operating ratio to remain profitable. Total driver benefits in taxicab operations now total about 66 percent of the gross revenue. All other expenses pertaining to services, maintenance, and cost of equipment must come from the 34 percent remaining. It is now estimated that we need approximately 1 service person for every 3 drivers.

Of even greater importance to the taxicab industry is the dealing with unknowns. The greatest unknown is the cost of doing business imposed on the industry by the governments—local, state, and federal. A completely inconsistent pattern of tax levies has been imposed on the taxicab industry. In some states and cities, we have a sales tax; in other communities, we have gross revenues; in almost all communities and states, we have licensing taxes; in some communities and states, we have special vehicle taxes. The tax that is considered most oppressive and unfair by the industry is the gasoline users' tax of 4 cents per gallon imposed by the federal government. Local transit authorities are exempt from using this tax in bus operations. The taxicab industry established that, at the time of the passage of this tax, approximately 85 percent of its total miles were on local, municipal streets.

If the impact of the government on the taxicab industry were limited only to taxes, perhaps the industry could reasonably appraise the cost. However, the appearance of new government agencies, the extension of authority of other existing government agencies, and, in some cases, the making of new administrative law have radically altered government-taxicab industry relations. The federal government has moved into the fields of health, safety, and environmental pollution. To a limited extent, the local governments had exercised some authority in these fields and continue to do so in the taxicab industry. Driver regulations, inspection of vehicles, storage of fuel, and sanitary requirements of facilities have all long been controlled at the local level.

In general it is the opinion of the industry that the establishment of uniform regulations at the national level on many phases of the taxicab industry will be beneficial. However, the industry recognizes the natural and historical reluctance of government agencies to relinquish authority and thus the possible continuation of the problems of dual regulations and attendant increased cost.

Overregulation and underregulation by government damage the ability of companies to perform efficiently. In some cities performance requirements exceed the demand for service. Municipal authorities demand 24-hour service from companies that are franchised or that operate under convenience and necessity clauses with the threat of losing other services, and often there is little or no demand for taxicab service during many hours. Strict meter testing requirements often fail because of lack of on-the-road enforcement in the use of meters, allowing "gypsy" operations to flourish in communities on the basis of service they provide to the "poor." The poor will learn a very expensive lesson if they are unfortunately involved in an accident in one of those vehicles and find that there is no insurance coverage or that the insurance coverage is void because the vehicle is not licensed to carry passengers for hire.

At the present time there are an estimated 7,200 fleet taxicab operations in the United States. Of those, approximately a fourth, or 1,800 companies, operate 10 taxicabs or fewer, mainly in suburban and rural areas. These operations are economically unfeasible.

Twenty years ago an operator of 10 taxicabs could earn an income of \$10,000, which was considered quite good. Today the profit potential of 1 taxicab is still \$1,000. Therefore, in a 20-year period, the taxicab industry has not increased its profit per vehicle but has had continuing increases in costs. It is better to be a taxicab driver

at \$10,000 a year than a taxicab operator who has 10 taxicabs, faces business complexities and economic risks of a \$30,000 to \$40,000 investment, and realizes only \$10,000 return on both time and investment.

The phase-out of the 10-car operations in smaller communities is so gradual that it is practically occurring without any noticeable concern by the public. As with the bus service that gradually decreased in many of the small communities and eventually faded away, people find other modes of transportation, mainly in private vehicles. Once a service has ceased, there is little possibility of regenerating the need for it.

In the large taxicab operations that have fleets of 25 and 50 vehicles, operators usually have had some higher education, are engaged in other business activities, but primarily manage the company. Operations that have 100 or more vehicles have sophisticated management and professional staff including lawyers, engineers, and college graduates who are second generation in the taxicab business. These operations are usually the pacesetters for the industry.

In most of the major cities of the United States, the taxicab industry consists of large companies, in some cases a single company with a franchise, or 2 or 3 major companies operating under a convenience and necessity clause. These companies are usually efficiently operated and have experienced professional management. They are the companies that provide the economic justification for the rate structure in the taxicab industry.

A study of the 28 largest cities in the United States, according to population, revealed that rate increases are granted by the governing authorities approximately every 3½ years. To keep up with the national economy, the rate increase would have to be approximately 12 to 15 percent each time. We need not dwell on the complexities of planning, preparing, presenting, and waiting (an average of 18 months) for the granting of a rate increase. It is a familiar experience for all operators of urban transportation.

Taxicab industry estimates for the past several years indicate that there is a 3 percent decrease in passenger trips each time a new rate is put into effect. The purpose of an association is to seek solutions to problems and to look for new opportunities to improve and develop an industry's full potential. The International Taxicab Association has a long-range planning committee that is charged with the responsibility of analyzing and planning the future of the industry on a 5- and 10-year basis. Let us consider that program.

Several years ago, a study was undertaken on the productivity of the driver and dispatching personnel in taxicab operations. Computerized dispatching offers the most immediate opportunity to increase productivity in the taxicab industry. A proposal has been made to the U. S. Department of Transportation for a research and development grant for a project in which 1 large company and 10 small companies in an urbanized area would share computerized dispatching services. Of additional importance to the industry, the project would provide statistical and economic data that have not been available through the limited resources of the industry. The program is designed so that similar application could be made in most metropolitan areas of the United States.

Reduction in personnel turnover has long been of great concern to the taxicab industry. One of the immediate benefits of a computerized dispatch system is that we believe we can increase the number of trips per man-hour from 2.15 to 2.75 with an attendant increase in revenue of approximately 15 percent. If this can be accomplished, we immediately improve the economic remuneration of the driver and provide the company with additional resources to meet operating expenses.

The industry also feels that there will be improvements in the traffic conditions of urban areas. Restrictions of private vehicle traffic in certain areas and the increased use of special lanes by buses—and, we hope, taxicabs—can improve service and productivity. The granting of additional federal funds to bus and rapid transit provides for a healthier urban transportation industry. The taxicab industry believes that a healthy mixture of bus, rapid transit, and taxicabs is necessary to maintain public ridership. The loss of any single service affects the whole.

To be able to adequately forecast the cost of doing business would certainly solve

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.

REFERENCE

1. Economic Characteristics of the Urban Public Transportation Industry. U. S. Department of Transportation, Feb. 1972.

John M. Elliott
Amalgamated Transit Union

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