

THE SELF-SUSTAINING FARE IS SELF-DEFEATING

**HOW MUCH LONGER CAN WE PERMIT THE TRANSIT DETERIORATION
AND TRAFFIC STRANGULATION IT SPAWNS TO GROW UNCHECKED?**

**A REPORT ON THE INSEPARABLY INTERLOCKED PROBLEM
OF TRANSIT AND TRAFFIC, AND A SUGGESTED SOLUTION**

BY

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Technical information and charts compiled and prepared by Edward Flamm. Bus and subway figures for 1958 and commuter railroad and toll traffic figures for 1957 and 1958 are estimates based on information furnished by organizations involved in the compilation of these statistics.

TRANSIT AND TRAFFIC REPORT

New York now faces so critical a transit and traffic crisis, that, unless curbed by prompt action, it will drive thousands of businesses into bankruptcy or out of New York and seriously undermine the City's entire economy. A major part of the blame for what has happened and especially for what is yet to come must be placed at the door of the self-sustaining transit fare and its inevitable by-product, traffic congestion.

A 20-cent fare on our city-owned subways and buses is a certainty in a matter of months. The law requires it, because under the well-meaning but impractical principle of the self-sustaining fare written into our state statutes in 1953, the Transit Authority is compelled to raise the fare when "necessary to produce sufficient revenue to meet the expenses of the Authority and to maintain such operations on a self-sustaining basis." The Authority is currently losing over \$2,000,000 a month and its operating deficit for the fiscal year will be so great – over \$25,000,000 – that the 15-cent fare cannot possibly be continued after next July at the latest.

This imminent fare increase will accelerate the continuing downside in riding on subways and buses. In fact, the drop in riding from the increase alone will be so sharp that it will immediately wipe out close to half the additional revenues the higher fare should bring in. While there is no hope of stopping the 20-cent fare, what is equally certain is that, under the rule of the self-sustaining fare, there will be another hike to 25 cents and then to 30

cents in a few more years, with even greater declines in riding, greater deficits and newer and worse transit crises.

This is not merely a prediction. It is a certainty based on the facts of transit life.

Riders' patronage drops sharply as fares climb, a mathematical axiom established by records throughout America. Since 1945, when mass transit riding hit its peak, use of transit facilities in this country has gone downward in almost direct relationship to higher costs per ride, until now it is less than half of what it was 13 years ago.

To see what is happening, one need look no further than Chicago, where a similar Transit Authority is also required by law to collect a self-sustaining fare. Chicago already has a 25-cent rate for rapid transit and bus service far inferior to New York's, with the glum likelihood of a 30-cent fare by next year.

Most of the 50 American cities with municipally-owned transit systems collect 20 to 25 cents a ride. Fares five or ten cents higher than New York's are in effect practically everywhere in this country, from big cities like Los Angeles, Detroit, Cleveland, Buffalo, Cincinnati, Washington, D.C. and Kansas City, to small towns like Akron, Ohio and Ambler, Pa. All of them report a steady drop in passengers.

This brings up a second point: where do riders go, when, because of higher and ever-higher fares, they abandon mass transit subway and bus

routes? The answer, as all New Yorkers and suburbanites know, is simple: they turn to automobiles.

Traffic congestion in midtown and downtown Manhattan, the very heart of New York City, has gotten to the stage where it is strangling the city. A recent survey by a citizens' committee of community leaders and business executives showed that in excess of \$2 billion a year is lost because of the block-to-block accumulation of more than 1 1/2 million cars and trucks on our busiest streets every day. This vast sum, equal to \$1 a working day for every man, woman and child in the city, has to be paid by someone, and it is. It is assessed against all of us in the form of higher prices, inflated delivery costs and increased taxes.

The scarcity of curbside parking space alone, a product of the ever-increasing use of automobiles, is causing extra delivery costs of a half billion dollars a year. Department stores, food shops, and other retail establishments are losing countless millions in sales to the ever-expanding suburban shopping centers because so many of their former customers refuse to grapple with the city's traffic delays.

The relationship between the drop in mass transit riding and the rise in traffic is no matter of guesswork. It is dramatically illustrated in Chart 1, a composite of all riding on all forms of local mass transit (subway, bus and commuter railroad) during the last ten years projected against the crossings of the toll bridges and tunnels into and in the city during the same period, of

which almost 90 percent are private automobiles. Here, graphically, we see how mass transit has plummeted as private car transportation has soared.

Chart 2 shows these two interrelated trend in terms of the percentage change in mass transit and crossings of the bridges and tunnels since 1948. Interestingly enough, the percentage increase in toll traffic shows a direct relationship to the drop in mass transit. Crossings are up 115 percent since 1948 while mass transit is down 35 percent.

Charts 3, 4 and 5 particularize for each form of transit (intracity, bus, subway, commuter railroad) what has happened to them all put together, as shown in Charts 1 and 2. In each case, the story is the same.

The cross formed by the directly opposite lines on Chart 1 not only explains the plight of mass transit. It also reveals the cause of our ever-worsening traffic congestion. Here, unmistakably, is proof of the relationship between the precipitous drop in mass transit and the accentuation of traffic congestion, a kinship that cannot be unduly emphasized.

How Traffic Flowing into Manhattan is Revealed by Toll Bridge and Tunnel Statistics

Subway and bus fares have gone from 5 to 15 cents in the last ten years, an increase of 200 percent, and riding has dropped over 35 percent. But the charges for crossing the Hudson River on the facilities of the Port of New York Authority have remained the same since the Holland Tunnel first opened in 1927, except for a reduction for a book of tickets.

Primarily because of the rise of 115 percent in car crossings in the last ten years, the Port Authority has increased its net operating revenues from 20 million dollars in 1948 to over 45 million in 1957. With these additional revenues, the Port Authority has "ploughed back" into new facilities out of "profits" 278.3 million dollars during the last ten years, bringing its total "equity" (reinvested "profits") and reserves to over 400 million dollars with the major portion of its investment in bridges and tunnels. By comparison, up to 1948, in the first 21 years of operation, the Port Authority had amassed an "equity" of only 86.9 million dollars and 39.1 million dollar in reserves.

The explanation is self-evident: the increase in automobile crossings has been so great during the last ten years that the Port Authority's accumulation of new "equity" out of "profits" has been almost four times as much in this period as during the preceding 21 years.

The experience of the Triborough Bridge and Tunnel Authority, although on a smaller scale, has been substantially the same.

Quite ironically, new facilities into which these Authorities have invested the "profits" from automobile crossings mainly aid and encourage the flow of additional automobiles into the city, thereby further undermining mass transit and clogging up our city streets.

The Vicious Cycle

Three years ago, I called attention to the critical and continuing drop in mass transit and the ever-increasing use of private or automobile transportation. The result, I showed, was a condition of apparently insoluble traffic jams.

We tried at that time to encourage the use of mass transit as a means of helping to maintain the fare at the lowest and service at the highest level. We stressed this as the only permanent solution to the traffic problem.

Now, three years later, the trend away from mass transit to personal transportation nevertheless continues without abatement.

What is now abundantly clear is that opposite and related forces have created a vicious cycle which thus far we have been completely unable to control.

Here is how it works: the drop in riding on mass transit creates a financial hardship for the bus, subway, or commuter railroad companies. This they are forced to solve either by hiking the fare or cutting service. Either way, the result is a further drop in riding on mass transit and a further increase in the use of private cars. This in turn multiplies traffic, slows bus transportation and thereby induces an additional switch from mass to private transportation. In a short while, the bus, subway, or commuter rail lines are again faced with the necessity of either increasing the fare or decreasing service. As so on, over and over again.

Just recently, I was called upon to approve the Transit Authority's request for a reduction of 531 conductors on the city's subways and the elimination of a substantial number of runs on the Brooklyn surface lines. This will result in a savings well in excess of \$3,000,000 a year. But we cannot overlook the fact that this has reduced service, and yet these and other savings are still not enough to prevent a fare rise in a very short while. The plight of the privately owned companies is even more severe. Not only do they suffer the consequences of riding losses, but they have to pay all kinds of taxes in addition.

The unfortunate result of the fare increases and service cuts is that the people who have to use mass transit to get around, and they are the vast majority, are forced constantly to pay more money for less service. And they are the very ones - -in the lower income brackets - - least able to afford a fare increase.

How important is mass transit to the vast majority is evident in the following statistics. In 1957 the subways carried 1 billion 339 million passengers; the intracity bus lines carried 933 million; the commuter railroads 120 million - - a total of 2 billion 392 million passengers. During this same period, toll traffic in and out of the city came to only 240 million vehicles. Assuming a liberal average of two passengers per car, this means that only 480 million passengers came by automobile over the toll bridges

and tunnels - - yet their cars are among those largely responsible for the city's traffic problems.

To make matters worse, the same lower-income citizens who have to use mass transit not only have to pay ever-mounting fares, but also more and more taxes, along with higher prices to help retailers, merchants and suppliers pay higher taxes, to support the highways and other improvements which bring in more and more cars, thereby slashing still further the dwindling revenues of mass transit lines and forcing newer fare rises.

What Should Be Done About This?

We must, first of all, recognize that we must treat transit and traffic as inseparably related and deal forcefully with them as an indivisible problem. We must also be realists enough to know that people cannot and should not be directed into any particular form of transportation. Rather, mass transit must be made more attractive in both price and service if people are to be induced to choose it over the traffic-creating automobile. But we know that riders will inevitably desert mass transit if the fare constantly goes up and service comes down. This trend must be stopped and the fare, at the least, stabilized and service improved to induce people to stay with, let alone return to, mass transit.

This cannot be done under the principle of the self-sustaining fare.

The self-sustaining fare is self-defeating. It reduces riding, hastens the switch to private transportation, and opens the door to additional fare hikes shortly thereafter. The self-sustaining fare places the burden of supporting mass transit on those forced to use it but least able to pay the extra cost. The self-sustaining fare accelerates traffic congestion by encouraging the switch from mass to personal transportation.

Subsidy: The Lesser of Two Evils

If the fare and service on mass transit lines are ever to be stabilized, so that the rider can be spared the hapless plight of runaway tariffs and deteriorating facilities, a subsidy cannot be avoided. We propose this not because we like subsidies, but because they offer the only remedy for an industry that is almost mortally sick.

It was not long ago that the mere mention of subsidy for transit immediately evoked a cry of hostility from those opposed to such a step. But transit is as much a public necessity as sanitation, police protection, and education. And we do not look on grants for these essential municipal services as subsidies.

Subsidies, in the form of tax rebates, exemptions and outright money grants, have been the pattern for several years in the intra- and inter-urban transit industry, throughout the United States. At least 200 cities in this

country, in the last ten years, have recognized the absolute necessity for financial help for mass transit. The New Haven Railroad only a few weeks ago managed to save its Old Colony division in Massachusetts because the State Legislature and Governor Foster Furcolo agreed on a \$900,000-a-year subsidy to help meet the railroad's deficit.

The New York Central Railroad, the second biggest in America, says it will close down Grand Central Station unless a subsidy in the form of tax relief of 6 1/2 million dollars from New York City and Westchester communities is quickly passed. In Washington, D.C., Congress will undoubtedly pass a subsidy bill next year to help ease the financial strain of the D.C. Transit System. The San Diego, Cal., Metropolitan Transit Fact-Finding Committee a few weeks ago came out flatly for municipal subsidization of mass transit facilities. Boston's publicly owned transit network has for years managed to operate only because it assesses its annual deficits against the communities it serves. The list of subsidized municipal and private transit operations is far too long to be listed here. And why is it wrong to help rapid transit, railroads or bus routes keep down the fare and up the service, but not to spend \$36 billion, exclusive of gasoline taxes, in government money for highways, an additional \$262 million for air-traffic control for privately owned air lines companies, and about \$550 million to rehabilitate foreign railroads? Certainly it is proper for New York City to subsidize costs on its own subways if it is all right for the government

to pay millions "to improve suburban rail service in the city of Colombo, Ceylon".

It has been urged that the 15 cent fare should be preserved through greater economies. We agree, so long as such savings are possible. But the Transit Authority has already "wrung out" over 100 million dollars in savings, compared to pre-1953 operations, and more than 8,000 jobs, or almost 20 percent of the entire staff, have been eliminated. Practically any additional savings will have to be at the cost of service, and this is merely a disguised fare rise with the same deleterious effect on riding and traffic.

We know it has also been urged that labor should show restraint in its wage demands to hold down the fare. We agree that labor should not get more than a fair day's pay for a fair day's work. Neither should it get less. The increases heretofore granted to the transit workers, though attracting much public attention, have not exceeded, on the average, increases granted employees in other comparable industries and other transit workers in New York City or in the other 11 principal cities of the United States with a population of over 1,000,000.

The transit workers should certainly not profit at the expense of the riders; but neither should they be expected to subsidize the fare.

We know that it has also been urged that a subsidy for the subways would breed inefficiency and that it will also reintroduce "politics" into transit.

The simple answer to the latter objection is that "politics" has never been out of transit and never will be out of any such important public service necessarily subject to a lesser or greater degree to control and supervision by public officials.

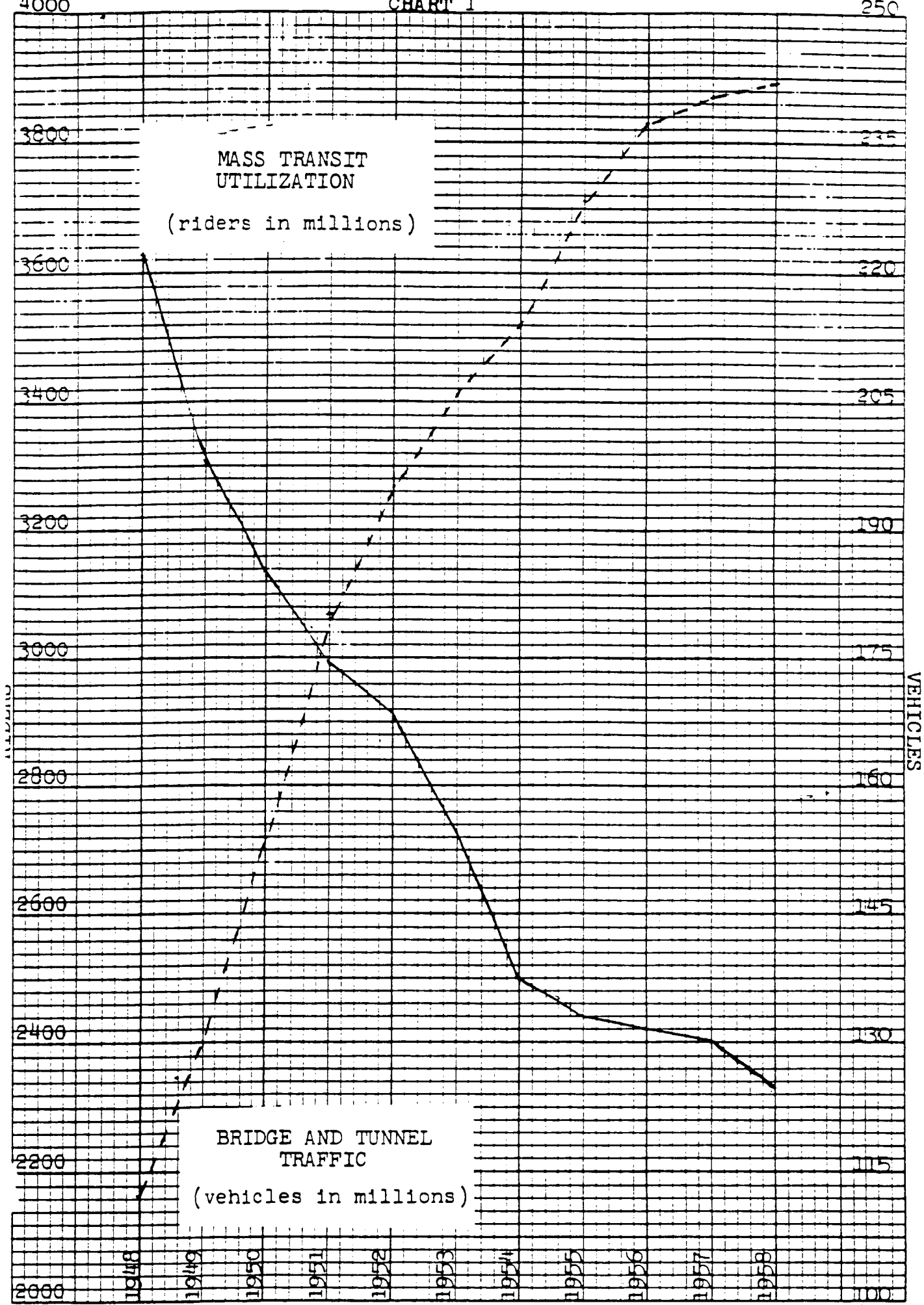
The efficiency of the transit operation depends, and always will, on the quality and ability of the men who are selected to run the particular transit system. And there is absolutely no reason why they should be less able simply because a subsidy is used to cover costs instead of a fare boost.

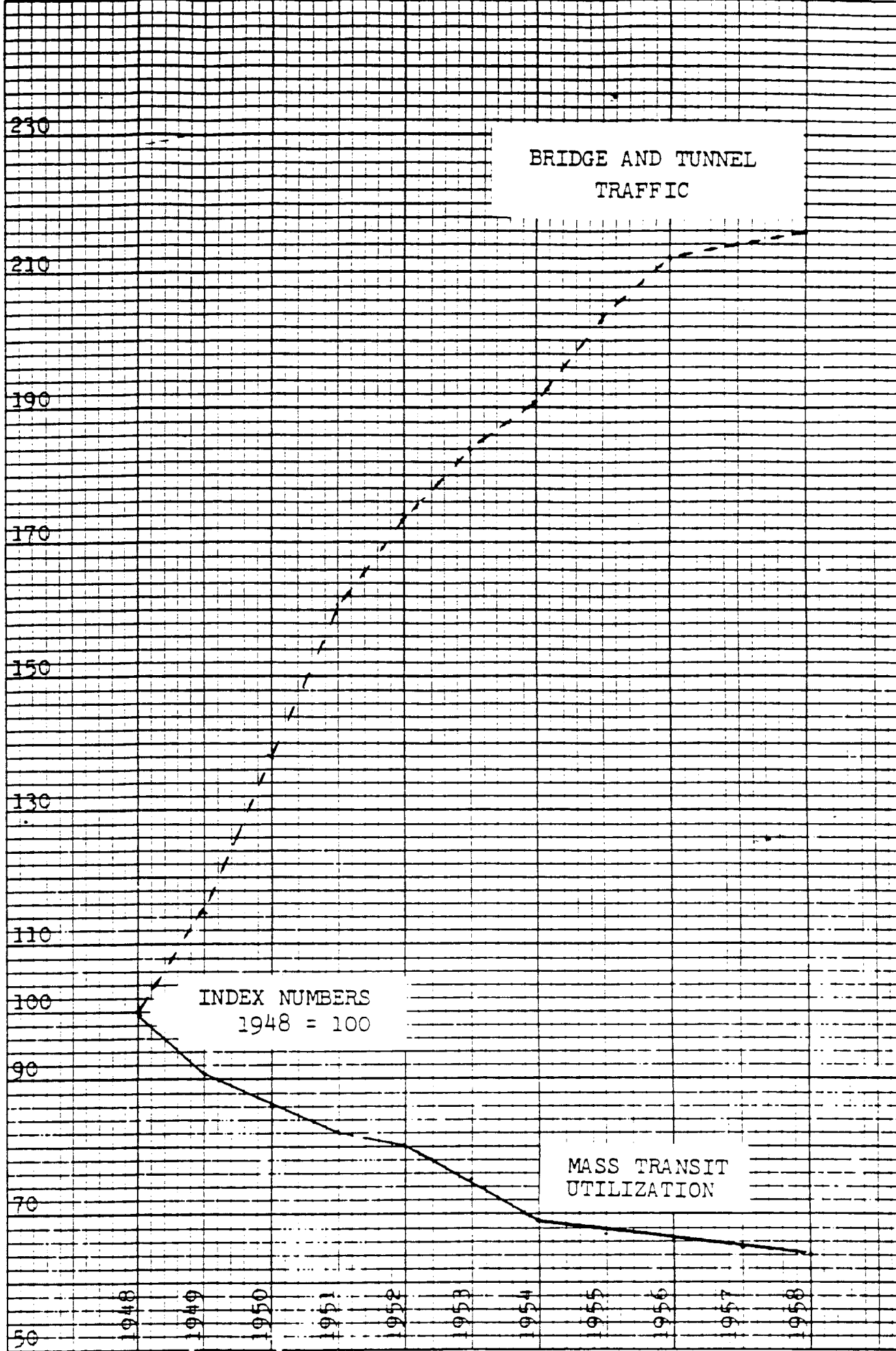
If the objection is that the subsidizing agent, being elective, will exercise some form of improper control over transit, then the power of subsidy can be given either to a newly-created or an already-existing independent Authority. Such an Authority can specify in the public interest the conditions under which the subsidy will be given.

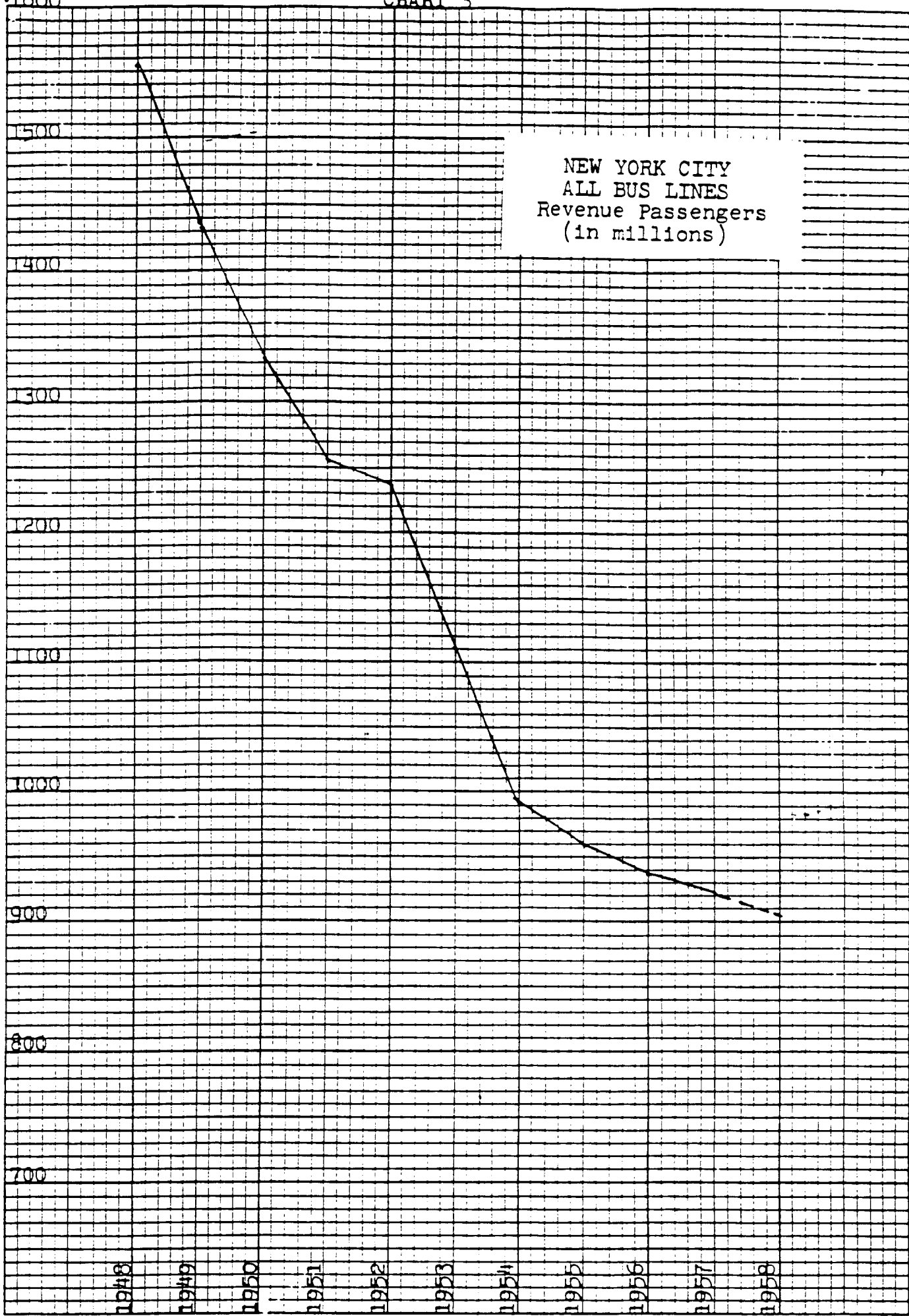
I am now preparing a further report on how and by what means the public interest can best be served by subsidies, whaty should be the source of the funds for these subsidies, and how the worsening problems of transit and traffic can be eased.

But meanwhile, the self-sustaining fare, by running transit service down and transit fares up and drawing subway and bus riders to traffic-creating automobiles, continues to be self-defeating. It should be eliminated.

The time is now for the public to demand action to end the transit deterioration and traffic strangulation that New Yorkers can no longer afford.







NEW YORK CITY
TRANSIT AUTHORITY
Rapid Transit Lines
Revenue Passengers
(in millions)

