

Subsidizing Mass Transportation May Ultimately Be a Bargain

A Transit Balance Sheet

By THEODORE W. KHEEL

These truths about all forms of short-haul passenger transportation in this, the world's most populous metropolitan region, are self-evident: Neither buses nor subways nor commuter railroads nor even automobiles can be run without money, and the money must come from either the users or the general public.

When the users pay, the charges are called fares or tolls. When the public pays, the funds must ultimately come from taxes, even if government borrows now and pays later. The dollars may be the same but the consequences are vastly different. It makes a difference whether the city, state or Federal governments do the taxing, and the monies can be used for capital improvements or for daily operating costs, and that also makes a difference.

In 1973, the users of this region's rail, subway and bus lines paid about \$1-billion in fares toward the cost of operating these facilities. This was \$500-million less than the actual cost of running them. New York City made up about half of this loss with grants to the Transit Authority, some in the form of loans that will never be repaid. The city's half also included about \$60-million of surplus revenues of the Triboro Bridge and Tunnel Authority earned principally from tolls on its bridges and tunnels. Connecticut, New Jersey, and New York State made up the other half, with grants that went entirely to the commuter railroads in one form or another.

While there has been much discussion these last few years about state operating subsidies for New

York City's buses and subways, the fact is that no funds have yet been granted. A state loan of \$100-million to keep the fare at 35 cents until May of this year is scheduled to be repaid in five years. The state legislation that Governor Wilson formally proposed on Friday to help keep the fare at 35 cents will, if passed, represent the first direct contribution of state funds for operating subsidies of the Transit Authority's facilities.

Nor has the Federal Government as yet made any grants to mass transportation to cover operating costs. There is legislation, the Minish-Williams bill, that has passed both Houses but is nevertheless mired in Congress.

Regardless of amounts, 1974 is bound to be a watershed year for this region. It will be the first time that both the state and Federal governments have decided in principle to subsidize the operating costs of mass transportation.

That is not the way public transit started out in New York City. In the beginning, all forms of passenger transportation in the city were privately owned and operated. For years after the subways opened in 1906, the nickel fare was sufficient to cover their operating costs as well as interest and amortization on the monies borrowed to build them.

But that couldn't last, and in 1939 the city took over the IRT and the BMT and put them both in one system with the IND, which the city itself had built. For the next several years, the city picked up the operating deficits. But then pressure mounted for a fare increase. A wage raise for transit workers in 1948 was followed by doubling of the nickel fare.

Further fare hikes seemed inevitable, and in



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A subway ride in 1909—the fare was a nickel.