

# The Historical Relationship Between Transit and the Economy

Chapter II very briefly summarizes the historical relationship between transit ridership and economic conditions, including the decline in transit use corresponding to increasing affluence since the 1920's and the recent increases in ridership which can be at least partially attributed to economic factors such as the stabilization of fares.

This chapter, plus the following chapter, which discusses the relationship between energy and transit, present the general context in which the study was conducted. Later chapters present assumptions of future economic and energy conditions especially as they differ from past trends, and the results of the detailed investigations on the relationships between energy, the economy, and mass transit.

## THE DECLINE OF TRANSIT AND ITS CAUSES

By the middle of the 1920's the automobile had begun to assert itself as a major form of urban transportation. With prosperity and mass production, automobile ownership and use expanded quickly. A pattern of serious competition between the private automobile and public forms of transportation in urban areas emerged, and transit ridership began to decline.

Table 2 shows the general decline in transit patronage from 1926 to 1972 except for the World War II interlude. From 1960 to 1972, revenue passengers declined at a compound annual rate of 2.9 percent.

In the three decades since World War II, there has been a continuous financial decline in the urban public transit industry in the United States

paralleling the decline in ridership. Even though fares have risen at a faster pace than the consumer price index since 1965, passenger revenues have not grown rapidly enough to offset increased costs. More and more systems have experienced operating deficits and many privately owned systems have either ceased to operate or have sold their depleted operations to the municipalities they served.

The financial difficulties of transit systems and the emergence of urban public transportation as a major issue can be attributed to a number of interdependent causes:

- The urban population has grown primarily outside of the central cities where public transportation systems were located. From 1960 to 1970, suburban population increased by 34 percent while central city population increased only 1.5 percent. Most of the older central cities with higher densities and major transit systems suffered population decreases during the decade.
- Suburban living in the United States is largely automobile oriented. Population densities are low and parking space is usually free. Because of the wide dispersion of origins and destinations, transit cannot operate profitably and is often not even available.
- Automobile ownership has increased dramatically as shown in Table 3. Between 1960 and 1970 it increased from 1.09 to 1.27 autos per household. By 1970 only 20 percent of all households were without automobiles, and therefore, transit dependent. Such households contain a disproportionate number of the poor, the old, the young, and the handicapped.

**TABLE 2**  
**TRANSIT TRENDS**  
**1926-1974**

Year	Revenue Passengers			Vehicle Miles			Number of Passengers Per Vehicle Mile	
	Rapid Transit	Street Transit	Total	Rapid Transit	street Transit	Total	Rapid Transit	Street Transit
	(millions)			(millions)				
1926			17,234			2,670	6.5 (avg.)	
1930	—		15,567			2,707	5.8 (avg.)	
1935	2,262	7,497	9,782	439	1,790	2,327	4.4	4.2
1940	2,282	8,222	10,504	471	2,125	2,596	4.8	3.7
1945	2,555	16,393	18,982	458	2,721	3,254	5.6	6.0
1950	2,113	11,699	13,845	443	2,489	3,008	4.8	4.7
1960	1,670	5,516	7,521	391	1,677	2,143	4.3	3.3
1970	1,574	4,186	5,932	407	1,442	1,863	3.9	2.9
1972	1,445	3,806	5,253	<b>386</b>	1,370	1,756	3.7	2.8
1973	1,424	3,870	5,294	407	1,428	1,635	3.5	2.7
1974P	1,435	4,171	5,606	436	1,452	1,888	3.3	2.9

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SOURCE: American Transit Association, '74-'75 Transit Fact Book, Washington, D.C.

**TABLE 3**  
**AUTOMOBILE OWNERSHIP IN THE U.S.**  
**1960 AND 1970**

	1960	1970
Automobiles in Use		
Per Capita	0.32	0.39
Per Household	1.09	1.27
Percent of Households Owning Automobiles	75.5	79.6
One Automobile Only	62.1	50.3
Two or More Automobiles	13.4	29.3
Percent of Households with no Automobiles	24.5	20.4

SOURCE: Automobile Manufacturers Association, Inc., Automobile Facts and Figures, 1968 and 1971. Data estimated by the Association from Census Information.

## RECENT UPTURN IN TRANSIT USE

- . Extensive freeway and other highway construction has improved the level of traffic service and increased the diversion from public transportation systems to the use of private automobiles.
- . In the face of the financial squeeze, transit management did not have the resources to increase or improve service nor to market what services they did have. In addition, management of a declining publicly owned or publicly regulated enterprise is particularly difficult when much of the public still perceives it as a break-even enterprise.
- . Federal programs to assist different urban transport modes have been enacted and administered separately and inconsistently. Highway funding has encouraged the use and ownership of automobiles, while public transportation has had low priority.
- . Federal funds for comprehensive urban planning and development available from the Department of Housing and Urban Development have been only partly coordinated with transportation programs and their implementation within metropolitan areas.
- . During most of the period in which transit's problems increased, State and Federal Governments were largely concerned with the problems of transportation between urban areas. Interest in transportation within urban areas was low.

The long downward trend in transit ridership reversed in late 1973 and 1974. The last 3 months of 1973 each showed increases over the same months of the previous year. This resulted in an increase for the year—the first time this had occurred in more than 20 years. In 1974 transit ridership increased by 5.9 percent above 1973. Ridership figures for the first half of 1975 indicate that transit has been able to hold on to the riders gained in 1974, but has not gained any additional riders.

Although energy conditions appear to have been the major cause for the increases in transit ridership in 1973-74, economic factors also contributed to the reversal of the historic trend. One condition that set the stage for the reversal is that by 1973 transit ridership had declined about as far as it could. Few “noncaptive” riders used transit, and most of the riders who could choose between using transit or automobiles for their trips had already shifted away from transit. Another economic reason has to do with the stabilization and reduction of fares. During 1968-1974 public takeovers of transit systems tended to stabilize fares, and during the past 3 years of that period, a number of large cities reduced fares. Both of these actions resulted in increased ridership. Finally, the public takeovers often led to improved service which also has helped to attract additional riders to transit.

While no direct evidence is available, the increase in UMTA funds for capital improvements and for transportation planning probably sparked the interest of many local governments to “do something” about transit.