

INDIANA ECONOMIC DIGEST

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Tuesday, October 22, 2013

OPINION: The folly of Indiana mass transit

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[Randal O'Toole](#) is a senior fellow with the [Cato Institute](#) and a regular contributor on transportation issues for the [Indiana Policy Review](#), where he recently published the paper "Indy Transit Task Force Misses the Mark." His column appears in Indiana newspapers

The Carmel Chamber says that Indianapolis needs a regional transit system — which inevitably means higher taxes — so Indianapolis can compete with communities such as Minneapolis and Salt Lake City. In fact, since 1990 the Indianapolis urban area has grown more than twice as fast as the Minneapolis or Salt Lake urban areas, and faster than any other major urban area in the Midwest, so Indianapolis seems to be competing just fine without those higher taxes.

The Chamber would like you to believe that spending more tax dollars on transit means better transportation. But that's far from true. It is important to understand that transit can have two quite different goals: first, moving people who, for one reason or another, can't drive; and second, getting people who can drive out of their cars.

Indianapolis transit at present mainly provides service for the former, those who can't drive. But the need for that is small. The Census Bureau says that just 7 percent of Indianapolis-area households lack cars, and just 17,000 workers live in households that don't have cars (nearly half of them drive to work alone anyway, presumably in borrowed cars).

Nearly all of the region's car-less households are in Indianapolis itself and won't benefit from regional transit. Advocates of regional transit, then, are mainly interested in promoting the second goal: getting people, and particularly suburbanites, out of their cars.

Ever since Ralph Nader's 1965 book, "Unsafe at Any Speed," Americans have been barraged with claims from anti-auto groups that cars are evil, gas-guzzling, polluting monsters. There may have been some truth to that in 1965, but since then auto fatality rates and air pollution have declined by more than 80 percent, and cars today are 40 percent more energy efficient.

Nationally, cars and transit are about tied for energy consumption per passenger mile. [IndyGo](#) actually uses more energy and releases more greenhouse gases per passenger mile than the largest sport utility vehicles.

And transit, especially transit aimed at getting people out of their cars, costs a lot more than driving. Americans spend about 25 cents a passenger mile on driving, including all subsidies to highways. Transit typically costs four times that much, and those costs only rise when cities start running empty transit vehicles to suburbs where people have three cars in every driveway.

Worse, the costs of regional transit are so high that most cities with regional transit systems have had to cut bus services to those who lack cars and need transit the most. Atlanta, Los Angeles and the San Francisco Bay Area are just some of the regions where transit riders have suffered in order to build a regional transit system.

Tyson B. Domer

From: Tyson B. Domer <tyson@hundredyear.net>
Sent: Wednesday, October 23, 2013 10:05 AM
To: Randal O'Toole
Subject: Re: The folly of Indiana mass transit

Thanks for your reply. I look forward to reviewing the study. Is that the publication that shows that more transit investment equals slower growth? That's a striking assertion.

As far as reshuffling development, that's the point. I don't know if you've ever visited Indy, but our development patterns are decidedly "sprawl-based." And we have suffered the same well-documented consequences of that type of growth as other areas. Encouraging higher quality, nodal, urban development that also increases density is what makes desirable places today. This type of urban investment also serves to increase quality of life for existing residents as brownfields are addressed and long neglected inner core neighborhoods become more desirable and experience revitalization. This happens with sustained effort over decades.

Transit and transportation options are one component of comprehensive urban revitalization. It can happen without transportation improvements, but the public infrastructure such as streets, curbs, sidewalks, and trails that supports transit also supports walking, biking, and driving. This is an important public investment that attracts development investment to the places that need it most.

From a the standpoint of a pure economic analysis, you're likely "right" - transit is a loser. But by funding transit, the region is making a choice about how they want to grow. I hope the voters will get to decide if they want to pursue a different approach, or if it will be more of the same, which hasn't served us terribly well in terms of health, urban poverty, crime, and a raft of other metrics.

Tyson

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Randal O'Toole is a Cato Institute Senior Fellow working on urban growth, public land, and transportation issues. O'Toole's research on national forest management, culminating in his 1988 book, *Reforming the Forest Service*, has had a major influence on Forest Service policy and on-the-ground management. His analysis of urban land-use and transportation issues, brought together in his 2001 book, *The Vanishing Automobile and Other Urban Myths*, has influenced decisions in cities across the country. In his book *The Best-Laid Plans*, O'Toole calls for repealing federal, state, and local planning laws and proposes reforms that can help solve social and environmental problems without heavy-handed government regulation. O'Toole's latest book is *American Nightmare: How Government Undermines The Dream of Homeownership*. O'Toole is the author of numerous Cato papers. He has also written for *Regulation* magazine as well as op-eds and articles for numerous other national journals and newspapers. O'Toole travels extensively and has spoken about free-market environmental issues in dozens of cities. An Oregon native, O'Toole was educated in forestry at Oregon State University and in economics at the University of Oregon.

Tyson B. Domer

From: Tyson B. Domer <tyson@hundredyear.net>
Sent: Tuesday, October 22, 2013 8:27 PM
To: 'rotoole@cato.org'
Subject: The folly of Indiana mass transit

Mr. O'Toole-

Your opinion piece, *The folly of Indiana mass transit*, fails the vision test. You neglect to discuss any of the benefits that regional mass transit brings to regions. Indeed that is the point of developing such systems; it's not just transportation. Regional mass transit is an investment in indirect economic development where the regional dividends accrue over time. Regional mass transit systems reduce barriers to investment by increasing land values, reducing risk, and providing infrastructure to support projected growth. Your article is decidedly one-sided and predictable.

Tyson Domer
Indianapolis

<http://indianaeconomicdigest.com/main.asp?SectionID=31&SubsectionID=298&ArticleID=71784>

Tyson B. Domer

From: Randal O'Toole <rot@cato.org>
Sent: Tuesday, October 22, 2013 9:35 PM
To: tyson@hundredyear.net
Subject: Re: The folly of Indiana mass transit

Hello,

Thanks for your email. I've looked at claims that regional mass transit boosts economic development. Except possibly in cases where transit carries huge numbers of people -- which, in the U.S., mainly means New York City -- it doesn't do much. Even in the San Francisco Bay Area, the development of a regional transit system (BART) proved to be so expensive that bus service was drastically cut, resulting in an overall loss of ridership. They would have been better off with strictly local transit systems (except for BART and CalTrains, most transit in the Bay Area is county based).

A study commissioned by the Federal Transit Administration found that, at best, transit merely shuffles development around. It does not increase the value of real estate in the overall community. "Transit investments rarely 'create' new growth, but more typically redistribute growth that would have taken place without the investment," the study concluded. You can download this study from http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rrd_07.pdf

The best evidence comes from a comparison of urban area growth and the amounts they invest in transit. While the relationship is not perfect, it is negative -- more transit investments equal slower growth.

It is easy to see why. Transit carries only 0.6 percent of all travel in the Indianapolis area. Even if a regional transit system could double that, which is unlikely, that just isn't enough people to stimulate growth.

Transit is slower, less convenient, and more expensive than driving, which means that efforts to get people out of their cars increases costs and reduces productivity. If Indianapolis' goal is to boost growth and economic productivity, giving a car to every low-income household that doesn't have one would do more than investing in transit.

Best,

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This doesn't mean IndyGo can't be improved. Contracting out bus routes to private operators can save up to 50 percent of the costs, allowing IndyGo to provide more service without higher taxes. Suburban cities that want to send buses into downtown Indianapolis should be allowed to do so.

Increasing taxes to create a regional transit system, however, will provide no significant transportation benefits while actually hurting Indianapolis' competitiveness.

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