

Deregulation and Paratransit

1. Deregulation of mass transit by allowing free entry and competition. Paratransit is a term used to describe a wide variety of transit service that fall between the private auto and the conventional bus.
2. Examples of paratransit are (a) shared ride taxis (3 to 4 passengers), (b) dial-a-ride vans (6 to 10 passengers), (c) jitneys (6 to 15 passengers), and (d) subscription commuter vans and buses (10 to 60 passengers). In (d) riders pay in advance for buses that pick them up in their neighborhoods and take them to work places.
3. Advantages of paratransit are: (a) they operate at a profit (b) they don't take riders from buses like light rail does (c) they would result in some commuters switching from single driver auto to paratransit, reducing peak period congestion.

British Transport Act of 1985

1. Provisions include (a) relaxed entry controls in the transit industry, (b) privatization of transit, and (c) competitive bidding for transit services.
2. Results include the following:
 - (a) Use of minibuses increased dramatically
 - (b) Some off-peak and low volume routes were eliminated
 - (c) Fares rose 35% in real terms over a two year period following passage of the Act.
 - (d) Transit ridership fell 14%
 - (e) Production cost fell 15 to 30 % due to relaxed work rules, reduced wages, and introduction of minibuses.
3. Three lessons from the British experience with deregulation of transit are:
 - (a) It is possible to have both competition in the local bus industry and subsidies for unprofitable services. By using competitive bidding to pick a firm to provide the subsidized service the government can provide the service at the lowest possible cost.
 - (b) Deregulation generates service innovations such as minibuses.
 - (c) Most of the benefits from deregulation come from competition among transit firms, so government should develop policies to ensure competition.