



Bus rapid transit as a neoliberal contradiction



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ABSTRACT

Bus Rapid Transit (BRT) is being implemented as a neoliberal project, but it creates contradictions that challenge the premise of neoliberalism. BRT projects are affordable rapid transit infrastructure, but they are also an impetus to restructure the urban bus sector in developing cities with informal mass transport. The dominant model of BRT implementation creates a market for bus service from large private companies where the government takes on the risk and brands the service as part of the city's attempt to be a 'world class' city that can attract mobile capital. However, BRT and the formalization of the bus sector can increase the power of urban residents by firmly putting transport in the public sphere; workers by increasing the incentives for collective action; and bus riders by prioritizing space for buses over cars. But these are only openings that require action to take advantage of the contradictions.

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1. Introduction

Bus Rapid Transit (BRT) projects are being promoted around the world, but particularly in developing countries, as affordable rapid transit infrastructure. A less expensive alternative to building urban rail transport, BRT can achieve high levels of service on dedicated bus corridors with pre-payment boarding stations and some level of transit priority. Since 2000, the number of kilometers of bus corridors has increased from just over 1000 km to over 5000 km in 2015 with 193 cities having some type of dedicated busway (BRT Centre of Excellence, EMBARQ, IEA, and SIBRT, 2015).

Much has been written about the growth of BRT and its operational challenges (Deng and Nelson, 2011; Hidalgo and Graftieaux, 2008; Hidalgo and Gutiérrez, 2013). There has also been focus on how BRT is being used to restructure the informal urban bus sector in developing cities (Ardila, 2007, 2008; Estache and Gomez-Lobo, 2005; Hook, 2005; Kaenzig et al., 2010).

In large parts of the developing world urban shared transport is provided by a large number of small vehicle owners, sometimes organized into companies or unions that control the routes, but mostly with minimal regulation by the state. Sometime the unregulated bus sector is the result of deliberate deregulation, for example Santiago, Chile under the Pinochet regime (1973–1990); but often it is the result of governments' inability to either supply adequate public service or to regulate the thousands of vehicle owners and control the cartels that develop (Paget-Seekins et al., 2015).

The under-regulated service provides a level of mobility to residents of the cities, but also generates negative externalities. The market incentives are to add buses, which increases the frequency for riders, but causes congestion due to an oversupply of buses. Since there is so much competition, there is no incentive (or financial ability) to maintain buses or purchase new buses that produce fewer emissions leading to poor air quality. In addition, drivers compete with each other for passengers on the street creating unsafe conditions and work long hours without guaranteed salary or benefits (Gilbert, 2008; Hidalgo and Graftieaux, 2008).

BRT projects are designed to address these externalities by eliminating the competition on the street, requiring low emission buses, and reducing the number of buses by increasing the size and occupancy of buses. This requires a fundamental change to the current informal sector. Small investors who own one to two old buses cannot afford or get loans for large environmentally compliant buses. In order to improve safety and end the on the street competition drivers have to be paid a salary. BRT projects often reconfigure the transit network design away from a one-seat model to a trunk and feeder model, which requires that passengers transfer. Free transfers require some sort of revenue sharing mechanism between bus operators.

This restructuring of the bus sector requires that governments either provide bus service as a public service or create a formal market from which to buy bus service. The public option has rarely been used, instead BRT projects, and more comprehensive bus formalization efforts, are creating an international market for bus operations. There is a body of literature discussing the challenges of negotiations with the existing informal operations and the design of the proper contracts (Finn and Nelson, 2002; Flores and Zegras, 2012; Paget-Seekins et al.,

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2015; Rolim et al., 2010; Walters and Cloete, 2008). Less has been written about the political–economic context of the bus formalization trend.

In this paper, I make the claim that the dominant model of BRT implementation is based on neoliberal principles, but that it also creates contradictions that challenge the premise of neoliberalism. First, I briefly discuss how I am using the term neoliberal and the potential for contradictions coming from the Global South. Then, I describe the dominant model of BRT and bus formalization efforts emanating from South America and being spread around the Global South. Finally, I use examples from a range of cities to show the openings that BRT provides to challenge neoliberal principles.

This paper is based on interviews conducted with governmental, citizen, and non-governmental leaders in Santiago, Chile; Mexico City; Delhi, and Ahmedabad, India. In addition, I reviewed media reports, planning documents, and user demographics for those cities and for Bogotá, Colombia; Quito, Ecuador; and Johannesburg, South Africa.

2. Literature review

The word neoliberal has been used to the point that some researchers are questioning its usefulness and pointing out there is a potential for discussion at cross purposes (Ferguson, 2009). The working definition has also evolved since it was originally discussed as specific types of economic reforms to a diffuse concept of all market-based governance (Lauermann and Davidson, 2013).

Clearly, the term is not monolithic and needs careful analysis within specific contexts. Market based governance does not have to imply a shrinking of the state, as markets need to be overseen by the state. It does not have to be deregulation, but can take the form of a transformed state and market relationship around a new set of interests and elites (Peck, 2004). It can include a range of practices depending on the context and can play out differently in the cities in the Global South (Bakker, 2007).

One aspect of how neoliberalism plays out in cities is the concept of entrepreneurial urban governance (Harvey, 1989). Urban governance is shifting from a model of providing services to its residents to competing with other cities to attract mobile capital. Originally, the discussion of entrepreneurial urban governance was focused on cities in the Europe and North America, but now it is being practiced by cities in the developing world as well. There has been a tendency to compare the development pattern of developing cities to developed cities, but authors are arguing for looking at the diversity of experiences with global economic trends. But the growing role of public–private partnerships in urban governance is seen as a universal experience (Shatkin, 2007).

Some authors suggest that there is a possibility for neoliberal policies to create political opportunities that are progressive, especially in cities in the Global South where we see an increase in regulation and social spending (Ferguson, 2009), or that it is possible to use neoliberal tools to reach redistributive or development ends (Parnell and Robinson, 2012). In another transportation example, congestion pricing is a market-based policy that is often proposed with redistributive outcomes in the form of increased transit spending (Chronopoulos, 2012).

A distinction can be made between the ideology and practice, but they contain a contradiction since the state is needed to structure and enforce markets and state investment in infrastructure is needed for market-driven growth. What remains to be seen is if the contradiction presents an opening for progressive or radical re-appropriation (Peck et al., 2009). Examining BRT projects in developing cities allows us to look at this potential for the power of the neoliberal contradiction within the process of formalizing informal economies.

3. The neoliberal BRT model

As discussed in the introduction BRT projects in developing cities require formalization from informal urban bus service. This formalization

is not just a secondary outcome, but is discussed by BRT proponents as a primary goal (Hidalgo and Graftieaux, 2008). Formalization of an informal economy and regulating a public service is not inherently a neoliberal proposition; in fact it is increasing the role of the state in the economy. However, the dominant model for BRT implementation, being deliberately spread around the globe, is the creation of an international market for bus service with a goal of no public funds for operating subsidies.

The push for BRT comes from South America. The concept was developed in Curitiba, Brazil, but gained international prominence after the development of the TransMilenio system in Bogotá, Colombia, which opened in 2000. The leading example of a city formalizing their entire bus network comes from Santiago, Chile. In 2007, the Chilean government created Transantiago by integrating their bus network with the city's metro system, entirely replacing the old informal system. Bogotá is now implementing a citywide formalization of their bus service, which integrates the existing informal service with the BRT network.

As Hidalgo and Gutiérrez discuss there is a range of the level of private involvement, but a public entity usually retains control over the planning of the system and the user information and private companies operate the buses and fare collection under different type of contracts (Hidalgo and Gutiérrez, 2013). The exception to this is Quito, Ecuador. Quito was an early adopter of BRT starting its first corridor in 1995 and they forced out the incumbent operators to gain control over the corridor and instituted publicly operated service (with a low fare).

The main concern for the government officials in Bogotá and Santiago was not whether to contract out the service or to publicly operate the service. In fact, publicly operating the service was not part of the public discourse surrounding these projects in either city. Rather the main concern was how to accommodate the existing informal bus operators. The response on the part of cities across Latin America has ranged from fostering to forcing cooperation (Flores and Zegras, 2012). The primary goal has been to turn the informal operators into professionalized bus companies to contract with the state to provide service.

In both Bogotá and Santiago, the government authorities contracted out the provision of bus service using area or route based monopolies. The government set up a public agency to bid out contracts to operate the service and the fare collection technology. The public agency receives the fare monies and then pays the bus operating companies using a formula primarily based on the kilometers of service they operate.

In Bogotá, the bids for operating the TransMilenio service came from Colombian companies, mostly with capital from outside of the existing bus owners. The design of the bids favored large investors (Gilbert, 2008). After the first two phases of TransMilenio, there were 13 concessions won by 5 investor groups (Paget-Seekins et al., 2015). Representatives of the workers and owners of the existing buses claimed the system turned transport into a monopoly for a few families to profit off (Porter, 2010).

TransMilenio was designed for the fare revenue to cover the operating costs. Over the life of the system, a range of 3 to 7% of the fare revenue has gone back to the government to pay for their oversight, the rest goes to the private operating and fare collection companies. The contracts for the first phase were designed to earn the operating companies 14.17% return a year, but the profits were much higher than expected, estimated between 18–22% (Gilbert, 2008).

In Santiago, the government deliberately set up the contracts in an attempt to attract foreign capital. This was partially successful. In the end, they awarded nine contracts and three have foreign interests: one was won by Colombian investors, one company added Colombian investment after the bid, and one winning company was purchased by the French passenger transport company Veolia-Transdev. The remainder were won by new companies created by existing operators (Flores Dewey, 2013).

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