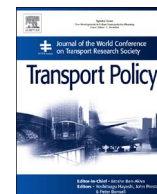




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Driving the poor into debt? Automobile loans, transport disadvantage, and automobile dependence

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ABSTRACT

The disadvantages relating to the financialization of household transport and transport-related debt have yet to receive sufficient attention, partly due to a general lack of data on household-level transport-related liabilities, particularly at small scales of analysis. This issue has risen in importance with increases in household debt levels and changes in the ways automobile purchases are financed. This paper examines the level of automobile-related debt among lower-income households, and the effects of living in automobile-dependent neighbourhoods, using seven of the largest Canadian metropolitan areas as case studies. Detailed household survey data pertaining to both automobile loans and other forms of debt in 2012 are analyzed and compared with census data related to automobile dependence at the neighbourhood (census tract) level. Descriptive and inferential analyses are presented, demonstrating relationships between levels of automobile dependence and higher relative burdens of household indebtedness, particularly for automobile loans, although the relationships are dependent on, and mediated by, local context. The implications for transport policy are discussed.

1. Introduction

A growing amount of scholarly attention is being paid to the transport disadvantages related to automobile dependence. The latter concept is a socio-spatial attribute of place with important effects on household behaviour, reflecting a situation in which local residents must practically rely on a car in order to get to most important destinations. It is primarily associated with low-density forms of urban development and land use, typically post-war suburban areas planned in the expectation that people will drive cars, as well as rural areas (Newman and Kenworthy, 1999; Simma and Axhausen, 2001; Jones, 2011). Of course, the design, extent, and frequency of local public transit systems simultaneously play important roles in co-determining the degree of automobile dependence and the practical need to drive cars (Mees, 2009). Both the costs of private motor vehicle travel, and the viability of local public transport, are in turn related to the density, dispersion and fragmentation of employment and other destinations to which one might need to travel, with much of the literature on this couched in terms of the “costs of sprawl” (Burchell et al., 2005; Zolnik, 2012). The way that cities are planned, and where lower-income households live, thus together have important effects in producing transport disadvantage (Hine and Mitchell, 2003; Mattioli and Coleoni, 2016).

As Mattioli (2014, and in this special issue) notes, transport disadvantages – at least in relation to the automobile mode – often fit

into two broad categories: those relating to car deprivation (lack of a car) (Delbosc and Currie, 2012; Lucas, 2012), and those relating to socio-economic stress caused by compelled automobile use, or what has been referred to as “forced car ownership” (Jones, 1987; Currie and Sendbergs, 2007). While the former has received the most attention, there is growing awareness that compelled automobile use/ ownership has potentially negative impacts on the budgets of lower-income households (Bernstein et al., 2005; Li et al., 2015; Motte-Baumvol et al., 2010; Zolnik, 2012). As Soron (2009) notes, in many contemporary nations, the automobile is an object of “compulsory consumption”, with a car required for fulfilling most ‘normal’ activities. However, this is a function of how the geography of automobile dependence interacts with the dispersion of employment and housing costs in any given city. Household location decisions involve trade-offs between housing and transportation costs, with high housing costs compelling lower-income households who drive to live further from employment and in return accept higher transportation costs (Currie and Delbosc, 2011; Vidyattama et al., 2013; Isalou et al., 2014). The phrase “drive until you qualify” gets at this trade-off.

Dodson and Sipe's (2008) work on oil-price vulnerability among mortgaged households points to additional latent forms of disadvantage and risk related to the financial position of households living in automobile-dependent locations. While Dodson and Sipe's data did not include mortgage balances or interest rates, their work evokes an image of households in fringe suburbs whose budgets are vulnerable due to

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high debt payments and rising fixed transport costs in the context of a lack of local viable alternatives to the car. The qualitative ethnographic work of Lutz (2014) suggests that low-income households are particularly disadvantaged by living in automobile-dependent places due the need to use debt to access automobiles, and such households may find it even more difficult to pay down their debts over time, as private motor vehicle costs typically make up a larger proportion of their budgets and there is a limit to their ability to reduce motor vehicle costs (unless they give up the car altogether, which disadvantages them even more). This work suggests a relationship between automobile-dependent (sub)urban forms and financial vulnerability.

However, as of yet, insufficient scholarly attention has been given to the impact of automobile-related loans on the budgets and balance sheets of lower-income households. It remains unclear whether lower-income households residing in more automobile-dependent locations truly do face higher levels of debt-based vulnerability than other households, and furthermore, whether this has anything to do with either automobile ownership or local levels of automobile dependence. The issue has importance as high debt burdens might be thought to constitute a form of social harm similar to (but distinct from) the effects of social exclusions from education, income, employment and information/cultural resources, and may even compound such exclusions (Lazzarato, 2011). The zemiology literature, which pertains to social harms not sanctioned as such by law (Hillyard and Tombs, 2004), provides a basis for interrogating transport-related debt as one form of social harm with collective implications, and behooves state policy makers to search for solutions for ameliorating such social harms. Rising debt levels are a problem of concern for rising inequalities, and if urban forms are found to contribute to such problems then this implies a role for planners and policy-makers in ameliorating household-based financial inequalities.

This article seeks to shed light on the relationships between automobile dependence and transport disadvantages related to automobile-related debt among lower-income households. It begins by discussing the literature relevant to understanding the potential relationships between automobile dependence and debt-based transport disadvantages. It then outlines the data and methodology used in the empirical investigation, and discusses the findings using Canadian metropolitan areas as case studies. Although drawn on the Canadian context, the findings should be seen as generalizable, given the similarities between Canadian urban forms and those found elsewhere in North America, Australasia, the UK, and some cities in Europe, as well as similarities between Canada and other contexts in how automobile finance is structured. The implications of the findings for public policy are discussed in the conclusion.

2. Automobile dependence, transport disadvantage, and financial vulnerability

2.1. Background

Much of the literature on transport disadvantage is couched in terms of social exclusion (Church et al., 2000; Hine and Mitchell, 2003; Hine, 2007; Lucas, 2004, 2012; Lucas and Jones, 2009). While there are many definitions of social exclusion, the concept generally speaks to an inability to fully participate in economic, social, cultural and political life. Both the processes producing social exclusion, and its outcomes, are multi-dimensional, relational, and dynamic (Hine and Mitchell, 2003; Lucas, 2004, 2012). From a transport disadvantage perspective, social exclusion can occur due to a myriad of factors (see Church et al., 2000 for seven different axes of transport-based social exclusion). Perhaps foremost among these is a lack of access to motor vehicles among those who cannot easily access other modes of transport, including the elderly and the disabled (Davey, 2007; Paez et al., 2007). In places that are automobile dependent, including many suburban and rural areas, the lack of a car among women and lower-

income households prevents access to jobs and other opportunities (Delbosc and Currie, 2012; Scheiner and Holz-Rau, 2012; Paez et al., 2013). The economic benefits of car access are used to justify “welfare-to-work” programs developed in the United States (US) which aim to provide low-income households with automobiles so they can access employment (Cervero and Tsai, 2003; Garasky, Fletcher and Jensen, 2006; Ong, 2002). Transport disadvantages and mobility-based exclusions mainly occur when local public transit networks are inadequate or do not sufficiently link residential areas where lower-income households live to places of employment for low-skilled labour, and/or groups with specific mobility needs (such as the elderly and disabled) to key services and amenities (Hine and Mitchell, 2003; Hine, 2007; Mees, 2009; Blair et al., 2013; Ricciardi et al., 2015). Within transit-friendly urban neighbourhoods there is not necessarily any relationship between lack of a car and transport disadvantage (Mattioli, 2014). Of course, social exclusion and transport disadvantage are not the same – it is possible to be transport disadvantaged but not socially excluded, and visa versa – but when combined each can augment the negative effects of the other in producing transport-based social exclusion and disadvantage (Delbosc and Currie, 2011a; Lucas, 2012).

Less studied but now receiving more attention is the problem of high costs of transport for lower-income households. The ways that cities and transportation infrastructures are planned play key roles in shaping exclusions based on transport mode and cost. Low-density automobile-dependent urban forms – often referred to pejoratively as “sprawl”¹ – are associated with fragmented employment clusters and other trip destinations, compelling car use (Banister, 2012; Newman and Kenworthy, 1999; Farber and Paez, 2011). This problem has been found to have disproportionate impacts on blue-collar and lower-income households (Mendez, Moos and Osolen, 2015; Mattioli and Colleoni, 2016), and as such has long attracted the attention of policy makers. In turn, a large literature has arisen in the US regarding the “spatial mismatch hypothesis” between the residential locations of lower-income households and the sites of low-skilled employment (Kain, 1992; Ong and Miller, 2005). There are similarly important social costs involved. Longer and more fragmented trips – even when made with an automobile – can produce isolation from friends and family, as they can reduce the “social interaction potential” among residents (Farber and Paez, 2011; Farber, 2013). For these reasons, the local availability of public transit alternatives (Motte-Baumvol et al., 2010) and the ways that public transport networks are organized (Mees, 2009; Blair et al., 2013), have an important role to play in either augmenting or ameliorating different kinds of transport disadvantage (Ibid.; Banister, 2005; Li et al., 2015; Lucas and Jones, 2009).

There is a well-established spatial relationship between automobile dependence and both distance travelled and time spent commuting, as well as difficulties among lower-income households getting to work, in large cities in Canada (Millward and Spinney, 2011; Turcotte, 2011; Farber and Paez, 2011), Australia (Delbosc and Currie, 2011a, 2011b), the UK (Lucas, 2004; Lucas and Jones, 1995), the US (Santos et al., 2011), and China (Zhao, 2015). However, in US cities where the suburbanization of employment is advanced, commute times may have diminished (Lee et al., 2009; Zolnik, 2011), and lower densities were associated with lower commute times in a study of European cities (Raux et al., 2011), partly because more commutes occur by automobile in lower-density cities. Longer time spent commuting via automobile is associated with the experience of higher levels of emotional stress (Koslowsky et al., 1995; Stutzer and Frey, 2008; Turcotte, 2011) and lower levels of social satisfaction (Delmelle et al.,

¹ In recognition that there are many different kinds of suburbs and suburbanisms (Walks, 2013a), and the normative problems in using pejorative terms for suburbs (Bruegman, 2008), this article will henceforth refrain from using the term ‘sprawl’. Instead, the article focuses on the issue of automobile-dependence, in the interest of conceptual accuracy and in light of the fact that there are forms of suburbanization that are not automobile-dependent.

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