

Features of Ensuring the Social Functions of Public Transport in Market Conditions

Anvar Jaloliddinov

Senior Teacher at Tashkent State University of Economics,
Tashkent, Uzbekistan

Abstract. In this paper has been investigated features of ensuring the social functions of public transport in market conditions.

Keywords: social functions, transport, business, sociology of transportation, spatial mobility, social interaction.

1. INTRODUCTION

Public transport is one of the industries in which ownership changes have occurred at a rapid pace. By the beginning of the 21st century, urban passenger bus transportation in all major cities of the CIS was carried out by private carriers. Public transport, despite the unprecedented rate of increase in the fleet of individual vehicles, continues to provide transport mobility for the population in the course of its life. The quality of functioning of urban public transport directly affects production and economic activity, and is also one of the indicators of the standard of living of the population of the corresponding territories.

Public urban passenger transport belongs to those areas of the market economy in which state regulation is a necessary condition for respecting the rights of citizens to affordable, safe and reliable passenger transportation. Local executive and legislative authorities, which are entrusted with the functions of state regulation and ensuring the operation of public transport, must regulate the functioning of the urban passenger transportation market in such a way that it remains economically accessible to the population, including its least socially protected groups, without violating the economic interests of business entities - transport companies, without allowing their economic behavior to conflict with the social goals and objectives assigned to public transport.

2. LITERATURE REVIEW

Despite a large number of domestic and foreign studies devoted to the efficiency of functioning of markets, concepts and mechanisms for their regulation, it has still not been possible to create a theoretical toolkit that adequately describes the economic situations of modern and dynamically developing economic practice. Neoclassical theory, which determined the “mainstream” of economic science at the end of the last century and is based on normative models of rational economic behavior of economic entities, demonstrates the limitations of its capabilities, retreating before the processes of complication of objects of economic analysis.

Under these conditions, economic theory needs a serious systematization of its tools, both in terms of methods of analysis and objects of research. Leading Russian and foreign economists pay attention to this (L.I. Abalkin, R.S. Grinberg, G.B. Kleiner, V.I. Mayevsky, V.L. Makarov, A.I. Tatarin, R. Nelson, S. Winter, etc.). “Routines” (R. Nelson, S. Winter) or “quanta” (A.I. Tatarin) of economic activity of subjects that form institutions of economic behavior become a promising subject of research. “Nowadays the most fruitful methodology of economic analysis seems to be the institutional quantization of economic objects. It allows us to identify stable, repeating institutions of economic activity.”[1]

This methodology is based on the increased importance in recent decades of a positive approach to the study of decision-making processes by economic entities, which allows the best coordination of theoretical concepts and models with the facts of reality. Back in the middle of the last century, J. Stigler, in his work “Development of Applied Theory,” argued that the basis for a comparative assessment of competing theories should be the following three criteria: a) generality; b) ease of use; c) correspondence to reality.

Despite the fact that the object of study of economic theory is an economic entity (organization, firm), the latter for a long time remained a “thing in itself,” a “black box.” An important role is also played by the fact that the bulk of the GDP of countries with market economies is produced by millions of small firms, whose economic behavior is radically different from the behavior of large companies. J. K. Galbraith first drew attention to this in his works devoted to the comparison of the oligopolistic market and the free competition market. R. Coase is considered the founder of the theory of the firm as one of the areas of neo-institutionalism. The theory of the company was developed in the works

of E. Penrose, D. Richardson, J. Barney, B. Losby, D. Teece, etc. An important place in the theory of the company belongs to the problem of its economic behavior, the factors influencing it, etc. .

Despite the attention of foreign and domestic scientists to the problems of economic behavior of a company, there remain many debatable issues, uncertainties, ambiguous interpretations, informal approaches that make it difficult in real conditions to regulate the efficiency of markets, taking into account their industry and regional characteristics and, what is especially important for our country - features of the transformation stage of the formation of market relations.

3. ANALYSIS AND RESULTS

Public transport, or public urban passenger transport, is a passenger transportation system operating in the corresponding territory, carried out underground (metropolitan), ground (tram, trolleybus, bus, minibus and passenger taxi) and over ground (monorail, suspended and etc.) modes of transport. Public transport is an important subsystem of the urban economy, the main task of which is to ensure transport mobility of the urban population in the process of its life. Distinctive features of public urban passenger transport are mass distribution, economic accessibility, safety and efficiency.

The mass character of public transport lies in its ability to provide the main volumes of traffic associated with the life activities of the population of the corresponding territory. To do this, the transportation capabilities of public transport must correspond to the volume of passenger traffic on its main directions in certain periods of time. Mass transportation is ensured by the use of special high-capacity rolling stock. There is a tendency to increase the capacity of rolling stock. The massive nature of transportation by public transport dictates increased requirements for their safety.

Access to public transport has two components. Firstly, accessibility is characterized by the convenience of using public transport for the population. In other words, this is an opportunity to use public transport services where and when citizens need it. Later this issue will be given special attention. Secondly, the availability of transport services has an economic aspect and is associated with the relative value of the cost of the service. The economic accessibility of public urban passenger transport is due to the fact that for a significant part of the population it is the only option for moving within the city.

The cost-effectiveness of public transport is determined by the fact that multi-seat public transport allows the most efficient use of public resources for transporting the population, therefore transport policy in developed countries is aimed at the priority development of public transport and curbing the share of individual transport in intracity transportation. This is due to very pragmatic reasons:

- a) the central part of most large and medium-sized cities has limited capacity of transport routes that can no longer cope with the flow of traffic;
- b) the main source of environmental pollution in cities is road transport, and in conditions of frequent traffic jams, its harmful effects increase many times over;
- c) road transport is the main consumer of non-renewable resources, and their specific consumption for transporting one passenger in public transport is an order of magnitude lower than in individual transport.

To ensure the functioning of public transport in accordance with its social role, it is necessary to translate the above characteristics of public transport from descriptive language into the format of quantitatively measurable indicators (indicators). This relates to the sphere of state social regulation. If in the conditions of a state planned economy this task was solved mainly through the development of industry norms and standards regulating the work of urban public transport, then in the conditions of a transition economy and the formation of the urban passenger transportation market, it requires establishing a balance of public interests, commercial interests of business and financial capabilities of the corresponding budgets.

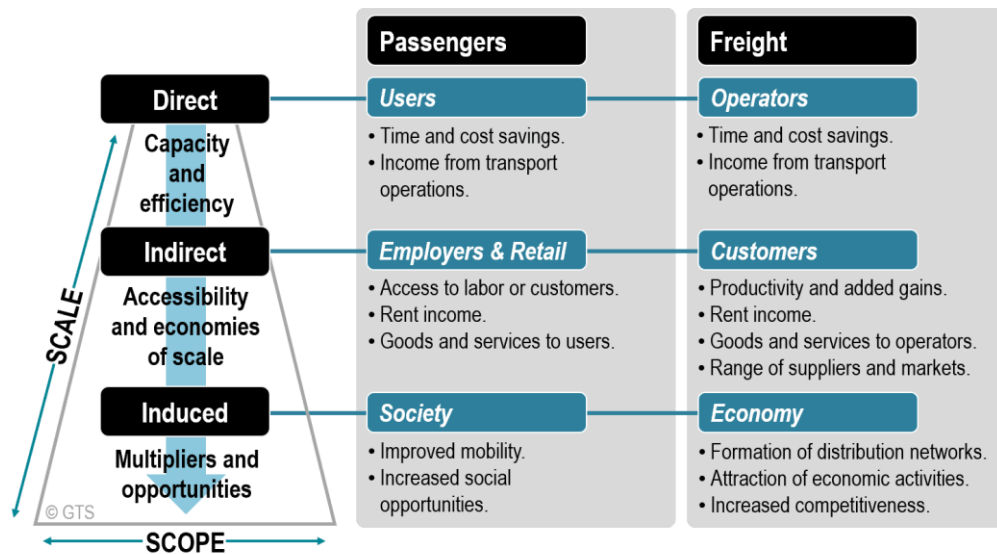


Fig.1. Socioeconomic Benefits of Transportation [12]

Transport improvements usually increase the scale and scope of economic (mostly for freight) and social interactions (mostly for passengers). There is a wide range of economic benefits conveyed by transportation systems, some direct (capacity and efficiency), some indirect (accessibility and economies of scale), and some induced (multipliers and opportunities). They are impacting transport supply and demand as well as the economy:

Direct Impacts. The direct benefits are mostly related to capacity and efficiency improvements that impact users and operators, particularly in terms of time and cost savings. Corporations involved in the provision of transport services earn an income and pay wages to their employees.

Indirect Impacts. The indirect benefits mostly relate to accessibility gains and better economies of scale. While employers and the retail sector (as well as other activities such as institutions) gain better access to labor or customers, the customers of freight transport services (distribution centers, manufacturing, retailers) derive some productivity gains that are the outcome of better transport services. Landowners also usually derive higher rents from the increasing intensity of passenger and freight traffic taking place in the vicinity. Both passenger and freight traffic also convey additional demands for goods and services (e.g. fuel, maintenance, repairs, insurance). Freight-related activities also benefit from a wider range of suppliers for their inputs and markets for their outputs.[12]

Induced Impacts. The induced benefits are mostly related to economic multipliers and increased opportunities. Society benefits from increased mobility since individuals have a wider range of options for their activities and the associated social opportunities (education, social interactions, leisure). An economy usually becomes more competitive, attracts new and expanded economic activities, and has more complex distribution networks. At this level, transportation becomes a factor in promoting economic competitiveness.

According to the authors of the cited work, social and transport standards are scientifically based quantitative and qualitative characteristics of the optimal state of the urban living environment, depending on public passenger transport. In turn, the minimum social and transport standard of the city (MSTS) is a set of target standards for the final consumption of transport services, the achievement of which ensures the sustainable development of the city, and its citizens are guaranteed the minimum required level of provision of transport services. We list some of the proposed indicators (indicators) of the level of provision of transport services:

1. Transport mobility of the population - measured by the average number of trips per 1 resident per year.
2. The relationship between public and individual modes of transport.
3. The reliability of public urban passenger transport is proposed to be characterized by the weighted average time spent on passenger transportation (taking into account the approach time, waiting for the trip and transfer).
4. The level of transport discrimination of the population is determined by the percentage of citizens living outside the standard accessibility zone.
5. Comfort of transportation is a complex indicator. One of the simplest basic indicators of comfort is the number of passengers per 1 square. meter of vehicle interior.

6. Share of public urban passenger transport in the total total environmental pollution.
7. The level of road accidents caused by urban passenger transport. It is proposed, based on the experience of developed countries of the world, to measure the number of cases with fatal injuries per a certain number of passengers (or per a certain number of vehicles involved in regular passenger transportation).

The given indicators of the functioning of urban public transport are not exhaustive, but they give a general idea of the social functions of public transport. In these conditions, it seems problematic to implement the thesis about the priority development of public transport in large cities, the massive “transfer” of owners of individual transport to public transport.

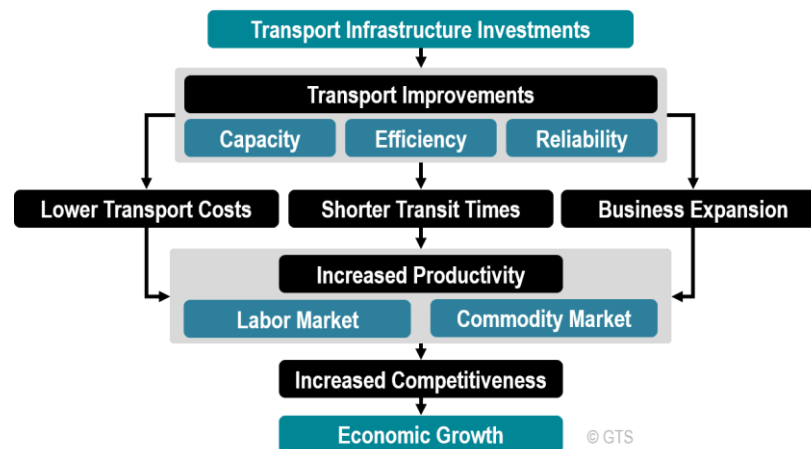


Fig.2.Transport Impacts on Economic Opportunities [12]

By the social functions of public transport we mean its ability to solve certain tasks assigned to it by the state in accordance with social policy. The social functions of public transport should, in our opinion, be divided into general, specific and structural. We propose to include functions that have social and public significance associated with the implementation of public orders assigned to public transport as general social functions. This is the provision of accessible and mass transport services to the population related to their life activities. Specific functions include specific functions performed by urban passenger transport in the territory of the corresponding settlement. This is, first of all, the implementation of passenger transportation on regular routes in accordance with established schedules. The structural functions of public transport include the role it plays as one of the spheres of a single urban economy, interacting with its other structural units - public utilities and road services, urban planning, healthcare, etc.

It is necessary to note several significant features in the trends of changes in social policy in the field of public transport, determined by the current situation:

- 1) social policy in the field of public transport should be transitional in nature, including both elements of the old and manifestations of new approaches. It is important not to allow the destruction of old transport systems to support the life of the population without creating new ones that are adequate to the market economy;
- 2) changes in social policy in the field of public transport must be adequate to the growth of the real well-being of the population, ensuring not only the maintenance, but also an increase in the level of living standards of the population. The focus of attention should shift from the population in general to its more poorly protected groups;
- 3) social policy in the field of public transport must take into account changes in intersubjective relations, redistribution of responsibility between the center, regions and territories. It is unacceptable to “dump” responsibility for ensuring the social functions of public transport to the regional level, without transferring the corresponding powers, including financial ones.

It can be concluded that the solution to the problem of proper performance by public transport of its social functions lies in the sphere of coordinating the interests of the population, government and business, and the role of the “arbitrator” should be assumed by the authorities, represented by the bodies authorized to resolve issues in sphere of urban passenger transportation, while both government and business must be socially responsible for their actions [3]. Government bodies at various levels and local self-government in relations with business must adequately and

adequately represent the interests of the population of subordinate territories, for which they must correctly understand their functions in the field of transport services for the population, as well as have the appropriate resources and powers.

The authorized body for ensuring public passenger transportation, acting on behalf of the executive branch, carries out the main organizational functions of ensuring the functioning, control and regulation of urban passenger transport in interaction with other institutional bodies performing narrower specific functions.

Ensuring the economic accessibility of public transport is realized through the regulation of tariffs for urban transportation, and for this, the government must be able to measure and establish a socially necessary level of costs that guarantees the reliability and safety of transport services for the population. When setting transportation tariffs, authorities must be able to objectively determine the socially acceptable level of transportation tariffs for various categories of the population and have targeted and adequate mechanisms for providing benefits. And here the interests of government and business come into conflict. A business must not only receive reimbursement of its costs, but also have a corresponding business income. Moreover, for a business it does not matter who pays for its activities, the population or the budget that customers regular passenger transportation.[11]

You have to pay for public transport, and the more varied, better and safer the transport services are. The government must be responsible for cost recovery and have real and effective mechanisms and sources of compensation to carriers for lost income (co-financing, subsidies, tax breaks, preferential rental rates for the use of transport infrastructure, preferential lending, etc.) . Otherwise, the transport enterprise - the carrier - will “pay”, including due to irreparable wear and tear of the infrastructure, a decrease in safety and quality of transport services. The authorities should set an example of socially responsible behavior for business by accepting and properly fulfilling obligations to maintain the functioning and development of public transport.

The social responsibility of a business should be manifested in the exhaustive fulfillment of the terms of the contract for servicing regular routes, transparency of business activities, compliance with the requirements of tax legislation, including in relation to its employees, the targeted use of income from the transportation of passengers, in particular those intended for proper execution norms and regulations for the maintenance and repair of rolling stock.[12]

Effective cooperation between business and government in the field of urban passenger transportation is impossible without their interaction with the population and its public institutions. The principle “the customer is always right” is not suitable for the urban passenger transportation market. Experience shows that requests and complaints about the operation of urban public transport are not proportional to the population’s willingness to pay for transport services. The thesis that “public transport should be cheap” has firmly entered the consciousness of the population. In these conditions, the authorities must be able to transform the numerous and often contradictory wishes of the population into real tasks to ensure the functioning and development of urban passenger transport, which would most fully correspond to public interests. At the same time, it is necessary to explain to the population the boundaries of real possibilities for maintaining and developing public transport related to the possibilities of budget financing.

Thus, solving the problem of providing public transport with its social functions in market conditions comes down to regulating various aspects of the functioning and development of urban passenger transport, developing appropriate mechanisms and their adequate application. The next section of the dissertation will be devoted to the study of theoretical and methodological approaches to regulating the market for urban passenger transportation in general and transport companies in particular. The justification for the regulatory mechanisms will also be given there. At the end of this stage of the study, we will dwell on the role of government regulation in ensuring the social efficiency of public transport.

The problems of government regulation in a market economy are much broader than the specific problems that arise in the field of urban public transport. A large number of works by domestic and foreign authors are devoted to theoretical and methodological justifications for the role and place of state regulation in a market economy, focusing on various aspects of this problem. At the same time, we deliberately exclude from consideration those works whose authors adhere to radical concepts of market liberalism that deny the very possibility of state intervention in the functioning of a market economy. For us, the greatest interest is in questions whose answers allow us to form a theoretical and methodological foundation for subsequent research in the field of the real industry market.

Firstly, what determines the need for state regulation of a market economy and what are the current trends in this phenomenon? The most common point of view is that the state is a kind of collective governing body acting on behalf of society.

Analyzing real economic practice, supporters of the theory of public choice evaluate the role of state regulation and market self-regulation dialectically, recognizing the existence of a “market fiasco” and a “government fiasco.”

“Market fiasco,” in their opinion, is associated with certain manifestations of market failure, when market mechanisms do not provide the necessary level of coordination (harmonization) of public and private interests. They interpret the “fiasco of the government” as the imperfection of the state’s economic policy. Indeed, today no one doubts that no “ideal” intervention from the point of view of regulatory theory produces a result that meets the criteria of a perfect market. Without going into a more detailed analysis of the positions of different researchers regarding the place and role of state regulation of a market economy, we would like to emphasize that as a compromise between the theory and practice of a market economy, we can formulate a conclusion about the need to combine the mechanisms of market self-regulation and state regulation. Let us refer to the opinion of two authoritative foreign market researchers - D. Hay and D. Morris, who believe that to date there are no convincing arguments for and against government policy of intervention in the market economy. “Until now, there has been no systematic study of various policy instruments and the effects of their influence, other than the institutional and legislative implementation of such instruments in various economies.” [5] For this reason, many developed countries often demonstrate diametrically opposed examples of the presence of the state as a subject of regulation of economic activity in the same sectors of national economies.

Secondly, what is the subject of state regulation of market relations? The most general answer boils down to the following: the subject of regulation is economic relations between market participants. This point of view is shared by many domestic and foreign scientists [6], however, in relation to the subject of our research, it needs clarification. In our opinion, state regulation of the urban passenger transportation market is manifested in establishing criteria for its social efficiency (effectiveness), forming (reforming) the structure of the market and regulating the behavior of its participants.

Establishing and clarifying criteria for the social efficiency of market functioning, in our opinion, is the most important subject of regulation by the state. It is important to take into account several aspects: a) general; b) private; c) regional; d) temporary. It seems that each aspect of the efficiency of market functioning must either have its own group of criteria, or the established values of the criteria must be adjusted taking into account the above-mentioned aspects.

The general, or constitutional, aspect is associated with the social responsibility of the state towards its citizens and the social orientation of state policy, which tends to strengthen in all developed countries of the world.[7]

The private aspect is determined by the specific industry characteristics of a particular market and is determined by the main purpose and objectives of its functioning. In the case we are considering, this is the market for urban passenger transportation. Urban public transport, as noted earlier, is by its nature a market for social services. And in this sense, general and specific criteria for its effectiveness may coincide to one degree or another. [8]

The regional aspect of market efficiency is associated with the manifestations of regional market characteristics that distinguish similar (industry) markets of various regions and territories from one another.

The formation of the market structure is as important a subject of state regulation of market relations as the formation of market performance criteria. The structure is a kind of market framework, reflecting the configuration of economic relations between market participants. At the same time, the structure of the market cannot but reflect the concept of the effectiveness of its functioning. On the other hand, the market, as one of the varieties of social systems, must have norms and rules for its functioning, which must be established with the involvement of government regulation mechanisms. In this sense, using the terminology of the prominent representative of “neoclassical” sociology T. Parsons [9], market values characterize the criteria for its performance, and norms characterize the rules of behavior of market participants.

However, the presence of rules of conduct, no matter how clearly they are defined, is not a guarantee that they will be observed or implemented. Therefore, the most important element of the market structure should be the so-called market institutions, which should be understood as rules of conduct and ways of maintaining these rules.[10]

Thirdly, what should be the instruments and mechanisms of state regulation of the market? State regulation of market relations is based on the use of legal, organizational, administrative and economic management methods. Legal methods of state regulation create a regulatory framework for the functioning of the market and legitimize economic relations between its participants. With the help of economic instruments, the state establishes and regulates the economic environment of the market, including the conditions for the business activities of economic entities - competition conditions, standard levels of business profitability and return on investment, etc. If the use of legal and economic methods in state regulation of market relations is perceived by the absolute majority of scientists and specialists as legitimate, then regarding administrative methods, positions differ. It is a generally accepted fact that administrative methods are actively used in the practice of regulating a market economy. The concept of “administrative resource”, which has firmly entered the national consciousness, secures the right of administrative

methods to exist in market conditions. An administrative resource can be understood as a set of procedures related to business administration, or it can be interpreted more broadly as a set of resources and power mechanisms. Section 2.3 of the dissertation research will be devoted to the study of the mechanisms and resources of power. Our approach is that a market economy is a part, a stage of a single historical process of development of economic relations in society, and therefore all management methods developed in the process of economic development of society are applicable to a market economy, the whole question is only in the mechanisms of their application. And in this our position is fully consistent with modern concepts of institutional economics.

Let us refer to the results of the study by V.V. Radaev, who connects the current stage of development of institutionalism with work carried out in the USA on the theory of organizations, where, starting with the study of the social services sector (education, healthcare, etc.), they were extended to the main market sectors of the economy. At the same time, the market appears as an institutionalized space in which its participants must be guided by the appropriate rules.

To monitor compliance with rules and norms of conduct, the state has the right to create appropriate management structures, called institutional bodies, whose task is to monitor compliance with the norms and rules of conduct of market participants within the competence of the relevant institutional body. You can find other points of view on this issue. Thus, some authors believe that the concept of “market institutions” includes both rules of conduct and the subjects (authorities) responsible for their implementation, others insist that market institutions should include exclusively rules, and not only rules of conduct. –conduct of market participants, but also the rules of conduct of controlling structures.

4. CONCLUSIONS

We emphasize that in order to effectively monitor the compliance of market participants with norms and rules of conduct, mechanisms for compulsory compliance are necessary. And for this, in turn, it is necessary that the norms and rules of behavior be formalized. “Formal rules of conduct are approved by specific authorized subjects (principals) who have legitimate political power or property rights. Their content is fixed in laws, as legal norms and in various kinds of written regulations, which, one way or another, are based on legal norms. They must be interpreted unambiguously by all parties involved. Because of this, formal rules claim a high degree of universalism and universality, publicity and openness (transparency). In addition, they are mandatory, and there are specified mechanisms for their maintenance, including a list of sanctions for non-compliance.” In addition to formal ones, V. Radaev also identifies informal institutions.

Thus, the main way of state control over the compliance of participants in the public transport market with their social functions is institutional regulation carried out by the relevant authorized bodies using mechanisms that use legal, economic and administrative-organizational management methods.

Fourthly, what functions of public transport are of the greatest public importance and require government regulation? As formulated above, the need for state regulation arises in cases where the mechanisms of market self-regulation are not able to ensure the unconditional and effective performance by public transport of its social functions, which, as noted above, include economic accessibility, reliability and safety of urban passenger transportation. The main reason for this is the lack of coordination between the commercial and public interests of participants in the urban passenger transportation market. Currently, ensuring the economic accessibility of transport services seems to be the most relevant. As noted above, the majority of the population considers tariffs for public transport services to be excessively high and not consistent with their quality.

Under these conditions, the conclusion naturally arises about the need for state support for carriers, or social support for citizens. However, both paths lead to a financial dead end, since public budgets are not able to ensure that the state fulfills its obligations without clear rationing of the latter.

Thus, the following conclusions can be drawn:

1. Public transport performs the most important social functions of ensuring the livelihoods of the population of the relevant territories, providing mass, safe and economically affordable transport services.
2. The social functions assigned by the state to public transport must be expressed quantitatively in the form of transport service standards, the values of which must correlate with the dynamics of social standards of society.
3. State regulation of the urban passenger transportation market at this stage of the country’s socio-economic development comes down to ensuring the economic accessibility of transport services for the population, subject to the necessary safety and reliability (regularity) requirements.

REFERENCES

- [1]. Tatarkin A.I., Popov E.V. Trends in the development of modern economic theory // Bulletin of the Russian Academy of Sciences. 2007, volume 77, no. 1, p. 76.
- [2]. Bugromenko V.N., Myasoedova E.G. Minimum social and transport standard of the city. Retrieved from: [electronic resource], <http://www.geogracom.ru/msts.htm>
- [3]. Doroshenko P.O. Functioning and development of urban public transport: problems of interaction between business and government // Improving the management of corporate entities and regional industrial policy: problems and innovations: Materials of the All-Russian scientific and practical. conferences. Perm, 2007. P.332 - 336.
- [4]. Buchanan James M. Boundaries of Freedom. Between anarchy and Leviathan: Trans. from English Series “Nobel Laureates in Economics”. T.1/ Economic Initiative Foundation; Ch. ed. Nureyev R.M. and others. M.: “Taurus Alpha”, 1997.P.207-444.
- [5]. Hay Donald, Morris Derrick. Theory of industrial organization: Translated from English. St. Petersburg, 1999.T2, P.422
- [6]. Tatarkin A.I. Optimization of state regulation of socio-economic processes // “Economics in the system of state regulation.”, Ekaterinburg: Institute of Economics, Ural Branch of the Russian Academy of Sciences, 1999
- [7]. Bogomolov O.T. A socially oriented market economy should become the Russian norm // Economic science of modern Russia. 2000, Express Edition I!1 1; Poumer M. Towards an understanding of the transition economy // Economic science of modern Russia. 1999, 1<"2.
- [8]. Gutnik V.P. The welfare state: a dead end or opportunities for renewal?//Where is Russia going? Transformation of the social sphere and social policy / ed. acad. T.I. Zaslavskaya. M.:Den, 1998.P.16
- [9]. Parsons T. The concept of society: components and their relationships/ZTHESIS. 1993.T.1.Issue.2
- [10]. North D.K. Institutions and economic growth: a historical introduction/ZTHESIS. 1993.T.1. Issue 2 P.73.
- [11]. <http://www.ecsoc.msses.ru>.
- [12]. <https://transportgeography.org/contents/chapter3/transportation-and-economic-development/transportation-socio-economic-benefits>.