Susan Crawford

Autonomous Vehicles Might Drive Cities to Financial Ruin

In Ann Arbor, Michigan, last week, 125 mostly white, mostly male, business-card-bearing attendees crowded into a brightly lit ballroom to consider "mobility." That's the buzzword for a hazy vision of how tech in all forms—including smartphones, credit cards, and autonomous vehicles— will combine with the remains of traditional public transit to get urbanites where they need to go.

There was a fizz in the air at theMeeting of the Minds session, advertised as a summit to prepare cities for the "autonomous revolution." In the US, most automotive research happens within an hour of that ballroom, and attendees knew that development of "level 4" autonomous vehicles—designed to operate in limited locations, but without a human driver intervening—is accelerating.

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The session raised profound questions for American cities. Namely, how to follow the money to ensure that autonomous vehicles don't drive cities to financial ruin. The advent of driverless cars will likely mean that municipalities will have to make do with much, much less. Driverless cars, left to their own devices, will be fundamentally predatory: taking a lot, giving little, and shifting burdens to beleaguered local governments. It would be a good idea to slam on the brakes while cities work through their priorities. Otherwise, we risk creating municipalities that are utterly incapable of assisting almost anyone with anything—a series of sprawling relics where American cities used to be.

The problem, as speaker Nico Larco, director of the Urbanism Next Center at the University of Oregon, explained, is that many cities balance their budgets using money brought in by cars: gas taxes, vehicle registration fees, traffic tickets, and billions of dollars in parking revenue. But driverless cars don't need these things: Many will be electric, will never get a ticket, and can circle the block endlessly rather than park. Because these sources account for somewhere between 15 and 50 percent of city transportation revenue in America, as autonomous vehicles become more common, huge deficits are ahead.

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Cities know this: They're beginning to look at fees that could be charged for accessing pickup and dropoff zones, taxes for empty seats, fees for parking fleets of cars, and other creative assessments that might make up the difference.

But many states, urged on by auto manufacturers, won't let cities take these steps. Several have already acted to block local policies regulating self-driving cars. Michigan, for example, does not allow Detroit, a short drive away from that Ann Arbor ballroom, to make any rules about driverless cars.

This loss of city revenue comes at a harrowing time. Thousands of local public entities are already struggling financially following the Great Recession. Dozens are stuck with enormous debt loads—usually pension overhangs— that force them to devote unsustainable portions of their incoming revenue to servicing debt. Cities serve as the front lines of every pressing social problem the country is battling: homelessness, illiteracy, inadequate health care, you name it. They don't have any resources to lose.

The rise of autonomous vehicles will put struggling sections of cities at a particular disadvantage. Unemployment may be low as a national matter, but it is far higher in isolated, majority-minority parts of cities. In those sharply-segregated areas, where educational and health outcomes are routinely far worse than in majority white areas, the main barrier to employment is access to transport. Social mobility depends on being able to get from point A to point B at a low cost.

Take Detroit, a city where auto insurance is prohibitively expensive and transit has been cut back, making it hard for many people to get around. "The bus is just not coming," Mark de la Vergne, Detroit's Chief of Mobility Innovation, told the gathering last week, adding that most people in the City of Detroit make less than $57,000 a year and can't afford a car. De la Vergne told the group in the Ann Arbor ballroom about a low-income Detroit resident who wanted a job but couldn't even get to the interview without assistance in the form of a very expensive Lyft ride.

That story is, in a nutshell, the problem for America. We have systematically underinvested in public transit: less than 1 percent of our GDP goes to transit. Private services are marketed as complements to public ways of getting around, but in reality these services are competitive. Although economic growth is usually accompanied by an uptick in public transit use, ridership is down in San Francisco, where half the residents use Uber or Lyft. Where ridership goes down, already-low levels of investment in public transit will inevitably get even lower.

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When driverless cars take the place of Uber or Lyft, cities will be asked to take on the burden of paying for low-income residents to travel, with whatever quarters they can find lying around in city couches. Result: Cities will be even less able to serve all their residents with public spaces and high-quality services. Even rich people won't like that.

It will take great power and great leadership to head off this grim future. Here's an idea, from France: There, the government charges 3 percent on the total gross salaries of all employees of companies with more than 11 employees, and the proceeds fund a local transport authority. (The tax is levied on the employer not the employee, and in return, employees receive subsidized or free travel on public transport.)

At the Ann Arbor meeting, Andreas Mai, vice president of market development at Keolis, said that the Bordeaux transit authority charges a flat fee of about $50 per month for unlimited access to all forms of transit (trams, trains, buses, bikes, ferries, park and ride). The hard-boiled US crowd listening to him audibly gasped at that figure. Ridership is way up, the authority has brought many more buses into service, and it is recovering far more of its expenditures than any comparable US entity. Mai said it required a very strong leader to pull together 28 separate transit systems and convince them to hand over their budgets to the local authority. But it happened.

It's all just money. We have it; we just need to allocate it better. That will mean viewing public transit as a crucial element of well-being in America. And, in the meantime, we need to press Pause on aggressive plans to deploy driverless cars in cities across the United States.