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Summary

Many public policies are designed to “get people out of their cars,” but recent research has shown that owning a car greatly increases a poor person’s ability to find better-paying work. Over the next year, Cascade Policy Institute’s Wheels to Wealth project will study the travel patterns of low-income families in Portland and educate journalists and policy makers about the value of private car ownership.

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Job Seekers Need Wheels to Wealth

by John A. Charles, Jr.

Over the past 45 years, American taxpayers have spent more than a trillion dollars financing various poverty relief programs including welfare, food stamps and public housing. The central problem with most of these programs is that they address recipients’ short-term needs without giving them the tools they need to be self-reliant. This approach can trap generations of families in a lifestyle of dependency.

Recent research has shown that an overlooked factor—car ownership—is an empowering tool that can have a significant, positive effect on both employment and wages. Numerous policy studies have concluded that owning a car:

- increases hours worked and earnings
- reduces reliance on the state among welfare recipients
- is a viable solution to transportation barriers to employment for low-income people

For example, a study done by Kerri Sullivan at Portland State University examined the effects of car ownership on employment and wages for adults without a high school diploma in Portland. She found that “Car ownership improved the likelihood of being employed by 80 percent. The effect on average weekly wages was approximately \$275, and the effect on weeks worked was approximately 8.5 weeks.”

Car ownership also has the potential to reduce the employment gap between whites and minorities. According to Steve Raphael and Michael Stoll of UC-Berkeley and UCLA respectively, “Our empirical estimates indicate that raising minority car-ownership rates to the white car-ownership rate would eliminate 45 percent of the black-white employment rate differential and 17 percent of the comparable Latino-white differential.”

These findings point the way to a relatively inexpensive and non-bureaucratic way to reduce poverty: Provide low-interest loans to transit-dependent families to facilitate car ownership. For this reason, Cascade Policy Institute is initiating a new project called Wheels to Wealth.

Currently, public policies in Portland are specifically designed to “get people out of their cars.” Many public officials see driving as socially undesirable and are continually looking for ways to make it as expensive and inconvenient as possible. Examples include the state Transportation Planning Rule that requires the state’s four largest cities to reduce their vehicle miles traveled and parking availability, the recommendation by the governor’s Global Warming Task Force to impose an expensive new mandate for carbon dioxide emissions reductions on new automobiles, burdensome taxes on property owners in certain Portland neighborhoods to pay for the construction of new streetcar and light rail lines and a recently-increased payroll tax by TriMet to pay for expanded light rail service.

All of these programs destroy wealth when we should be trying to create wealth. A much better approach would be to spend relatively small amounts of money in grants or loans to help transit-dependent individuals purchase automobiles. For those who are unemployed, it would dramatically increase their likelihood of getting a job. For low-paid workers, it would give them a much better chance to find a higher-paying job. It would also save taxpayers money because the need for public transit, which is more costly per trip than private auto use, would decline.

As part of Cascade’s mission over the next year to educate journalists and policy makers about the value of car ownership, we plan to host a one-day conference with national experts to explore various aspects of this issue.

We will also conduct research on the travel patterns of low-income families in Portland. This will determine the scope of the transportation problem so that strategies can be devised to increase car ownership.

There are over 40 low-income car ownership programs in the country that have helped thousands of poor families gain access to private automobiles. Because Portland has not seen the value of such a program, the central goal of Cascade’s Wheels to Wealth project is to create a new public understanding of the value private vehicles play in improving the standard of living for poor families. Once this value is understood, Portland’s discriminatory policies can be reversed.

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