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KEY ASPECTS OF MAINTAINING THE SOCIAL ROLE OF PUBLIC TRANSPORTATION IN A MARKET ECONOMY

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Abstract. This paper explores the features of ensuring the social functions of public transport under market economy conditions. Public transport, as a critical element of urban infrastructure, plays a key role in guaranteeing mobility, social inclusion, and accessibility, particularly for vulnerable population groups such as low-income individuals, the elderly, and people with disabilities. The transition to market-based mechanisms in public transport has raised challenges related to affordability, service coverage, and equitable access. The study analyzes how regulatory frameworks, public-private partnerships, and targeted subsidies can help maintain the social function of transport systems while promoting operational efficiency and financial sustainability. Through a comparative analysis of international experiences and policy tools, the paper offers recommendations for balancing economic viability with social responsibility in the management of public transportation systems. The findings highlight the need for integrated planning, adaptive regulation, and inclusive governance to ensure that market-oriented reforms do not compromise the public service mandate of transport systems.

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

1. INTRODUCTION

Urban public transport has undergone significant ownership transformations, with private operators dominating passenger bus services in major CIS cities by the early 21st century. Despite the surge in personal vehicle ownership, public transport remains a vital means of ensuring mobility across the population. Its effectiveness directly influences economic

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activity and serves as a key indicator of living standards. Urban passenger transport is a sector where state regulation is essential to uphold citizens' rights to accessible, safe, and reliable services. Local authorities play a crucial role in balancing market operations with social responsibility. Their task is to ensure that transport remains affordable, especially for vulnerable groups, while also safeguarding the economic sustainability of transport companies and aligning business practices with the broader social functions of public transportation

2. LITERATURE REVIEW

Despite extensive domestic and international research on market functioning, efficiency, and regulatory mechanisms, a comprehensive theoretical framework that accurately reflects the realities of modern, rapidly evolving economic systems has yet to be developed. Neoclassical economic theory—long considered the mainstream approach—relies on normative models of rational behavior, but it proves increasingly inadequate in the face of growing complexity in economic analysis.

This situation calls for a systematic revision of economic theory, both in terms of analytical tools and the subjects of study. Prominent economists such as L.I. Abalkin, R.S. Grinberg, G.B. Kleiner, R. Nelson, S. Winter, and A.I. Tatarkin emphasize the importance of focusing on "routines" or "quanta" of economic activity—micro-level, institutionalized behaviors that shape broader economic dynamics. This approach, known as institutional quantization, enables researchers to identify stable and recurring patterns within economic institutions.

The growing interest in this methodology reflects a broader shift toward positive analysis—examining actual decision-making behaviors of economic agents, thereby aligning theoretical models with empirical reality. J. Stigler, in his work The Development of Applied Theory, stressed that any theory's utility depends on its generality, practical applicability, and correspondence with real-world conditions.

Although firms are central objects of economic theory, they were historically treated as "black boxes." However, the diverse behavior of small and large firms—highlighted by scholars like J.K. Galbraith and R. Coase—demands nuanced study. Despite progress in firm theory, numerous ambiguities and unresolved issues still hinder effective market regulation, particularly under the transitional conditions of developing economies like ours.

3. ANALYSIS AND RESULTS

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Public urban passenger transport is a system of organized passenger mobility implemented through various modes—underground (metro), ground (tram, trolleybus, bus, minibus, taxi), and overground (monorail, suspended systems, etc.). It serves as a crucial subsystem of the urban economy, primarily ensuring the population's transport mobility in everyday life. Key attributes of this system include its mass nature, affordability, safety, and operational efficiency.

The mass character of public transport lies in its capacity to move large volumes of people, especially during peak periods, which is supported by the use of high-capacity rolling stock. As urbanization grows, demand for larger, more efficient vehicles increases, which also raises safety requirements.

Accessibility is twofold: spatial and economic. Spatial accessibility implies the availability of transport services where and when needed. Economic accessibility refers to affordability, making public transport a critical option—often the only one—for many urban residents.

Public transport is cost-effective because it allows efficient resource use compared to individual transport. This underlies the priority given to public transport development in advanced economies, which seek to limit private car use due to:

a) congestion in city centers;

b) environmental pollution exacerbated by traffic jams;

c) high consumption of non-renewable resources by private vehicles.

To align public transport with its social function, these qualitative features must be transformed into measurable indicators. Unlike the planned economy model, today's regulatory framework must balance public interests, private sector goals, and budgetary constraints within a competitive, evolving market environment.

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Fig.1. Benefits of Transportation [12]

Improvements in transport systems significantly enhance both the scale and intensity of economic and social interactions. For freight, transport upgrades primarily stimulate economic activities by improving logistics, while for passengers, they expand access to employment, education, and social opportunities. These benefits manifest across three levels: direct, indirect, and induced impacts.

Direct impacts relate to increased efficiency and capacity, resulting in time and cost savings for users and service providers. Transport companies gain revenues and provide employment, contributing directly to economic output.

Indirect impacts stem from better accessibility and economies of scale. Improved transport enables businesses to access broader labor markets and customer bases, while freight users benefit from more reliable delivery networks. This can increase land values and stimulate demand for ancillary services such as fuel, repairs, and insurance.

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Induced impacts involve broader economic multipliers. Enhanced mobility allows individuals to engage in diverse activities, fostering social inclusion and personal development. Economies benefit through heightened competitiveness, attraction of new industries, and the formation of more intricate supply chains.

In this context, minimum social and transport standards (MSTS) provide measurable benchmarks for urban transport systems. Indicators include:

Population mobility – average annual trips per resident.

Public-to-private transport usage ratio.

Reliability – average time spent on a trip, including wait and transfer.

Transport discrimination – share of residents outside the standard accessibility zone.

Comfort – measured by passenger density per square meter.

Environmental impact – share of pollution from public transport.

Safety – accident rates involving urban passenger vehicles, especially fatal incidents.

These metrics support informed policymaking to balance transport efficiency with social equity and sustainability.

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.

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:

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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

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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]

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;

a) 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]

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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]

4. CONCLUSIONS

To ensure effective oversight of market participants in public transport, the establishment of binding mechanisms for compliance with behavioral norms and rules is essential. This, in turn, requires that such norms be formalized. As emphasized by scholars like V. Radaev, formal rules of conduct are adopted by authorized entities—those holding legal or property-based authority—and are codified in laws, legal norms, or written regulations. These rules must be unambiguously interpreted by all involved actors, ensuring transparency, universality, and enforceability. Crucially, formal rules are mandatory and backed by specific enforcement mechanisms, including sanctions for violations. Alongside these, informal institutions also play a role but lack the enforceability of formal rules.

In this context, the principal mechanism for state control over public transport's fulfillment of its social functions is institutional regulation—implemented through legal, economic, and organizational-administrative tools by authorized agencies. Government regulation becomes particularly critical when market self-regulation fails to guarantee essential social objectives, such as economic accessibility, reliability, and safety of services.

Currently, economic accessibility stands out as the most pressing issue. Many citizens view current fare levels as disproportionately high relative to service quality. This raises the policy dilemma of whether to support transport providers or subsidize passengers. However, both approaches risk straining public budgets unless accompanied by well-defined, quantifiable standards for service provision.

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