

MEXICO CITY'S URBAN BUS SYSTEM

The *Ruta 100* is the urban bus system owned by the *Departamento del Distrito Federal (DDF)*, Department of the Federal District. It includes 216 routes, 90 percent of which link to the *metro*. *Ruta 100* carries three million people daily, servicing mainly low-income areas.

In April 1995, *Ruta 100* was rocked by scandal. When the new government came to power in December 1994, it conducted a financial audit. According to a report presented to Mayor-elect Oscar Espinosa Villareal, the union-dominated service was covering only one-third of its costs from fares. Almost three-quarters of the subsidy was going to wages, and half of all wages were for overtime and holiday pay. On April 8th, *Ruta 100* was declared officially bankrupt and five leaders of the *Sindicato Unico de Trabajadores de Ruta 100 (SUTAUR 100)* union were jailed for fraud. The next day, the Secretary of Transport, Luis Miguel Moreno, was found shot to death.

The *DDF* is now faced with the task of reorganizing this highly inefficient operation. According to knowledgeable observers, the government would also like to reduce the power of the union. While previous attempts to do so have failed, many believe that the action of imposing bankruptcy will set the stage for breaking up the system. A major move towards privatization is considered highly probable.

The government has announced that the system that replaces *Ruta 100* will be a mixture of government and private services. The private concessionaires would operate central routes and the government would continue the heavy subsidization of perimeter routes that run through the city's poorest neighborhoods. There has already been one private proposal to replace *Ruta 100* with a new operation, involving a joint venture with *Mercedes-Benz de México*.

For a few weeks following the crisis, *Ruta 100* was operated on a fare-free emergency basis at about 40 percent of capacity. As of late May 1995, the system was being operated at nearly full capacity. Non-union labour is being used on routes within the city, about 40 percent of the buses, and six private concessionaires in the neighboring State of Mexico are providing perimeter service. *SITAUR 100* has been offered a liquidation package including a payment of \$28,000 pesos to each driver, plus job offers on the subway system. The union has refused so far.