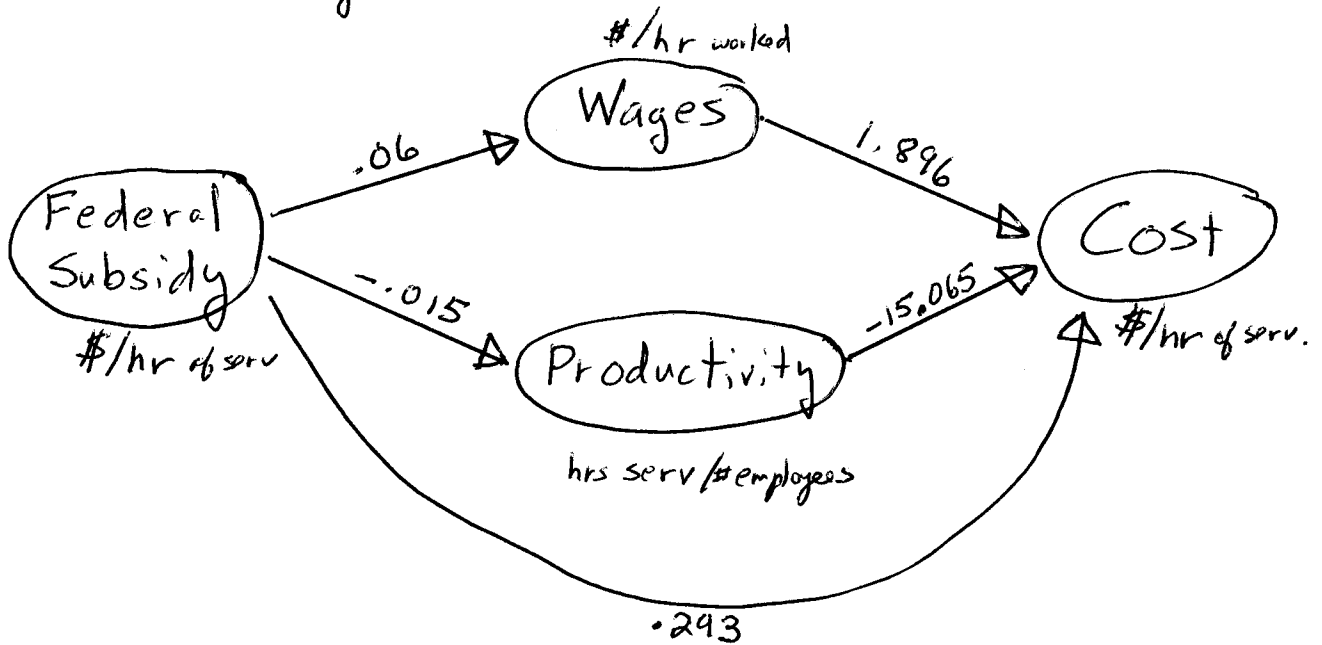


Example of a Causal Model

Effect of Federal Transportation Subsidies to Local Transit Agencies



Effect of Federal Subsidy :

Direct 0.293

Indirect via Wages . . . $(.06) \times (1.896) = .114$

Indirect via Productivity . . . $(-.015) \times (-15.065) = .226$

Total .633

Numbers on causal diagram above are unstandardized regression coefficients from tables in John Purcher et al., "Impacts of Subsidies on the Cost of Urban Public Transport," Journal of Transport Economics and Policy.