

News Flash from Seattle Highways: Price Matters!

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To an economist, the findings from the Seattle experiment in rush hour road tolls confirm the obvious. Price matters! Urban 'free'-ways have to be huge to stay ahead of rush hour shortages (i.e. gridlock). But I'm still excited. Now, along with the data from London and Stockholm, we have hard U.S. data to help us avoid an imminent urban planning disaster. Unless San Antonio quickly commits to correctly harnessing road tolls, we're going to suffer increasing gridlock, pay for huge roads (Atlanta – 15 lanes going on 23), or have congested free lanes next to expensive toll lanes that stand empty ~18 hours per day. All growing cities eventually reach the point where a freeway-only urban road system goes from appropriate to foolish.

In the Seattle experiment, 275 households were given the estimated cost [based on their driving habits] of tolls as a lump-sum payment. If they adjusted their habits to the toll schedule, they kept what was left in their toll account. Their habits changed; enough to earn the average participating household \$700. Incentives matter!!! There was slightly less driving overall, but a lot less during the rush hours when the toll was [appropriately] especially high. That's the beauty of a price system. People are free to respond, or not, in exactly the way they wish. They can consolidate trips, change when they travel, carpool, change routes, or use public transit. The drivers that pay the rush hour toll benefit from the absence of would-be travelers that avoided the toll. The toll payments fund road maintenance and expansion of the roads they use the most.

The resistance to using tolls on roads built from gasoline taxes imagines that roads are fully paid for at some point. Road maintenance costs never end, and someone has to fund the expansion of congested roads. What better way to pay for road maintenance and expansion than to better manage their use through pricing, and thus reduce both congestion and new construction? Less construction, and less gridlock, means a lower total cost. Don't be fooled into believing otherwise by the more visible nature of tolls. Rush hour tolling will save you money, pollution, and time in traffic jams.

It will take leadership to use rush hour road tolls to avoid an urban planning disaster. The 30-second campaign commercial is not up to the task of clearing up serious misconceptions about tolling as a management tool, and the user-pays method of funding road maintenance and expansion. Too many people confuse 'public service' with the lazy practice of living by polls and representing and exploiting public misconceptions. Leadership isn't easy, but it matters a lot.