

# The Three Sides (at least) of the Toll Issue

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April 24, 2006

Inertia is a powerful force in public debates every bit as much as in public policy. Because freeways are the norm, and the well-publicized alternative proposed by prominent current and former government officials is to place toll lanes alongside 'free' lanes, those are widely seen as the two sides of the issue.

The result of either is unattractive. We'd have to choose between paying gasoline tax to drive on roads fully financed by 24/7 tolls (the pro-toll road position) or sit in congested 'free lanes' (e.g. Houston), or suffer a massive tax increase to pay for enough road capacity to avoid persistent rush hour congestion (the toll road opponent position). Note that Atlanta's proposal to expand IH-75 from fifteen to twenty-three lanes epitomizes the result of the latter.

Fortunately, a better approach already exists in the mainstream economics literature. It needs to be thought of as a third side to the debate about how to avoid traffic jams. It entails a fee for peak period use of congested road segments; yes 'tolls,' but only during rush hour(s) where travel demand is high. The money derived from the fee MUST be spent on expanding the road where the fee is collected. So, fee payers get two direct benefits from the congestion fee; less traffic when they pay, and more lanes to keep traffic down as the city grows. Gas tax money finances the lane or two needed for off-peak travel. There are no clogged 'free' lanes next to semi-empty 24/7 toll lanes, just one lower, intermittent fee on all lanes. Congestion tolls also have enormous indirect benefits, including less auto maintenance, fewer accidents, and reduced air pollution.

Certainly it is true that much of the gas tax revenue has been diverted to non-highway uses. But even with the additional highway capacity that the diverted money could have funded, congestion tolling would still be appropriate for a number of road segments. Avoiding persistent traffic jams just by enlarging roads is very inefficient; very expensive. I know that because it creates roads that have excess capacity most of the time. We have market-determined prices well above zero for most things because it isn't smart to keep up with the demand for something available 'free.'