

Planes, Trains and Automobiles

Plus buses, bikes and Birkenstocks in our transportation mix



Getting from Point—*or Pond*—A to B has never been that difficult for fish or birds. But over the long sweep of history, transportation has been arduous for humans, and as a result, our earlier kin did relatively little moving around. To be sure, there were military forays and some mass migrations but, by and large, earlier peoples tended to be homebodies. And many of our heroes in literature and history—Odysseus, Alexander the Great, Marco Polo, Columbus—were explorers admired (or feared) for their daunting travel-related exploits.

From the wheel and domesticated animals to boats and a veritable explosion in transportation possibilities—ocean-going vessels, trains, automobiles and jet airplanes—and tremendous decreases in their costs in the 20th century, mankind has finally managed to tame and conquer the seas and most earthly terrains.

The irresistible human urge to wander even manifests itself symbolically today: terrorists, with plenty of stationary “soft targets,” such as malls or movie theaters, have chosen to attack modern economies not where they’re the most vulnerable, but where it stirs our souls—travel. So they attempt to hit commercial airliners and train/subway stations.

Americans in particular seem to place a high value on being mobile, and we resist attempts to restrict those freedoms. Unfortunately, we also have a higher tolerance for drunken driving than other countries, and as a result we incur more alcohol-related fatalities. This is a relatively easy fix—far stiffer fines and some quality prison time—if only we could muster the political will.

Chicago’s history is also marked by its intersection of rivers, Lake Michigan and railroads. Today our familiar movie-worthy “L,” many bridges and O’Hare—the 4th busiest airport in the world—continue to

define us. And along with the weather, political corruption and our sports teams, media coverage and water-cooler conversations seem to include a heavy dose of transportation topics in and around the city: congestion, red-light cameras, parking meters, CTA budgetary woes and potholes.

The economics of urban transportation are hardly new—or different: how to ration a scarce resource, whether it be a road or lake-front path, among competing uses and users in ways that are both efficient—that is, do not waste resources or impose undue costs—and perceived as fair. Plus dealing with situations in which one party inadvertently imposes costs on another (in “economist-speak,” negative externalities, such as congestion, pollution or accidents).

Higher gasoline taxes, which economists vastly prefer to minimum mileage (CAFE) standards favored by politicians and congestion pricing—such as charging more for using an expressway during morning and evening rush-hours—to discourage usage is one approach; subsidizing public transportation is another. (However inept, the recent rollout, raising parking-meter rates constitutes a complementary improvement in this regard—the previous cost of squatting on a patch of asphalt was far too low! Differential rates by time of day or day of week would be even better—the Sox and Cubs, CSO and movie theaters employ variable pricing on tickets.)

But just as one could tax or subsidize too little, we could also impose costs or giveaways that go too far. It’s not a binary yes—no matter but rather striking the right balance. For example, spending monies on pedestrian walkways or trolleys, or the current rage—high-speed light rail systems—may end up devoting resources to projects that, like some mass transit options, very few people want to use.

And fairness also matters. Thirty years ago those over 65 were the highest poverty group in the United States. But with the growth of programs such as Medicare and Social Security, the elderly are now, on average, one of the better-heeled groups in our society. So why should they be able to ride a train—or visit Yellowstone National Park—for free? Pandering (by politicians) doth not good public policy make. Marathon runners and bikers, with their high-tech gear, also have incomes substantially above the average in any city. So subsidizing their expensive hobbies is equally inequitable.

Finally, one must recognize that the optimal amount of congestion or pollution is not zero, and corrective taxes mean a tradeoff because benefits to some people or activities mean lower benefits to others. Resolving conflicts via markets, government intervention or private negotiations are all options. So is knowing when to leave a situation alone. (“The Problem of Social Cost,” published in the *Journal of Law and Economics* in 1960 by Nobel laureate and University of Chicago faculty member, offers an entertaining, intellectually stimulating approach to congestion, pollution and resolving urban living conflicts.) □

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