Government as Smart Buyer

$$\frac{\sum \text{Benefits} - \sum \text{Costs}}{\text{Costs}}$$

Externalities

Changing factor prices

Political opportunity

Levels of government

Politics of short- and long-term

Planning is about change and niche opportunities

NEPA 1969

1) Define the problem

2) Consider alternatives

3) Project consequences

4) Share information with public and receive feedback

"Draft" and "Final"

5) Choose action and mitigation

6) Citizen right of action

Balance and process vs. outcome
Section 4f; 404

Transportation and Air Quality

1) Fuel consumption =
$$\left\lceil \frac{\text{vehicles}}{\text{population}} \right\rceil (\text{population}) \left\lceil \frac{\text{VMT}}{\text{vehicle}} \right\rceil \left\lceil \frac{\text{Fuel}}{\text{VMT}} \right\rceil$$

2) Pollution = FN (energy consumed)

3) Fix the system; fix the vehicle

4) Air quality problem as
   - lead
   - CO
   - HC, NO_x
   - CO_2

5) Fad, or long-term driver of policy?
   - Cancer; cigarettes; war & famine

6) Clean Air Act:
   - 1970
   - 1990
   - Conformity

Urban Transportation and the Metropolitan Area Economy

1   <u>GRASP OF IDEAS</u>

A)   Multiplier effect
   - Alternate ways to achieve
   - level of government
   - only "valid" with unemployment
   - declining?

B)   Co-Production
   - auto, petroleum, suburban development

C)   Goods movement
   - Small part of highway, smaller part of transit
   - declines or cancelled by congestion
   - declining with knowledge economy
   - "just in time" strategies

Urban Transportation and the Metropolitan Area Economy

1   <u>GRASP OF IDEAS</u> (continued)

    D)   Personal transportation
- consumption or investment
- sprawl congestion cancels timesaving
- access expansion; disabled, poor, geographical areas
- shorter trips, not fatter roads; land use
- transit also causes sprawl
- transit costs more if it's made more comfortable
- inner belt not built/but it would have been congested

    E)   Economy of scale
- growth in market size and efficiency
- redistribution vs. growth
- Route 128 as accident
- airport analogy

Urban Transportation and the Metropolitan Area Economy

1   <u>GRASP OF IDEAS</u> (continued)

F)   Land value
- growth vs. redistribution
- double counting issue

G)   Congestion
- dead weight loss
- form of price
- consequence of low price
- consequence of growth
- driver of relocation

Urban Transportation and the Metropolitan Area Economy

1   <u>GRASP OF IDEAS</u> (continued)

H) Environment
- market failure in present
- market failure with future generation
- political will, aesthetics, health
- equity and politics of spotted owl

I) Equity

- distribution of services, pricing
- gentrification
- Mafia and water supply
- value of household work
- multi-lane highway vs. 2-lane road

Urban Transportation and the Metropolitan Area Economy

1   <u>GRASP OF IDEAS</u> (continued)

    J) Political calculation vs. economic argument

- double-counting is fine; travel time, congestion, real estate value
- inflation is fine with key constituencies
- redistribution is fine for some constituencies
- short-term/long-term issues
- level of government
- reduce congestion in good times, stimulate economy in bad times
- multi-level effect; acceptable method, identifiable benefits. Surrogate customers
- cargo cults
- availability of money to invest, political will , taxation feasibility, level of government
- government as a smart buyer

Urban Transportation and the Metropolitan Area Economy

2) <u>CITE SOURCES</u>

3) <u>HOW WOULD YOU STRUCTURE ANALYSIS?</u>