# BOOK REVIEW

William Huneke*

***21st Century Highways:***
***Innovative Solutions to America's Transportation Needs***
***edited by Wendell Cox, Alan Pisarski and Ronald D. Utt***
***The Heritage Foundation Washington, DC***
***Soft-cover, 185 pp., $7.95***

This should be required reading for every transportation professional, especially those specializing in urban and passenger services.

If you only have time and patience for one essay, read Joel Schwartz's "The Social Benefits & Costs of the Automobile." Schwartz points out two trends that are ignored or actively contested by urban planners and transit promoters: First, as people get richer, they buy automobiles. Second, as people get richer they prefer more space, *i.e.*, they move to the suburbs.

In contrast, urban planners prefer to see people densely packed in center cities. This makes heavy-rail mass transit more economic, but apparently not predominant. Schwartz points out that despite quotas and high taxes, people in Singapore still own automobiles. Singapore's taxes and quotas amount to 200 percent of the cost of a new vehicle. Singapore's new car quotas and taxes have only modestly reduced car ownership (by 7-11 percent). That is demand inelasticit!

Schwartz also debunks myths about mass transit. Mass transit is more expensive than automobiles. Mass transit costs 83 cents per passenger mile compared to 43 cents (including externalities) for the automobile. A private automobile is also crucial to achieving upward income mobility.

Consider that access to an automobile is more important in securing employment than access to mass transit because being limited to mass transit means being limited to employers along the transit lines.

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*The opinions expressed in this paper are the author's and do not reflect the views or policy positions of Surface Transportation Board.*

If you have time for more, Wendell Cox offers a cogent critique of mass transit that nicely complements Schwartz's piece. Cox notes that mass transit is the conventional answer given to reducing congestion. The problem is that mass transit's share of commuting is too small. It will never deliver. Cox says that too often, mass transit systems serve the needs of the systems' managers and unions rather than its passengers.

Mass transit promoters understate transit costs and obfuscate the issue of subsidy by claiming that highway trust fund monies are a subsidy to highway users. The true subsidy is from the highway user to the mass transit passenger. Cox notes that buses provide a cheaper and more flexible alternative than rail-based, mass transit.

John W. Fischer provides a good history of the federal role in highways, which "began in earnest" in 1916 when the government decided to get America out of the mud by funding paved highways. He follows the story through Eisenhower's promotion of the Interstate Highway System (IHS) through the turn of the millennium.

Fischer identifies a key issue: With the completion of the IHS, what is the role of the federal highway trust fund? The federal government now collects highway taxes that it simply redistributes to the states for their highway programs.

Alan Pisarski and Ronald Utt provide a compelling piece on highway performance measures that could provide discussion seminar material in any public administration graduate program. They point out that while private enterprise ties performance goals to performance evaluations, this is rarely done in government highway programs. For example, they suggest that while one might think that congestion reduction might be a logical goal for surface transportation funds, it is not necessarily the case in practice. For example, Maryland spends 59 percent of such funds on transit, which is used by only 9 percent of commuters. Thus, congestion in Washington and Baltimore suffers.

Texas presents an illuminating contrast to Maryland in Pisarski and Utt's view. When Texas found that Dell Computer was investing outside of the state because of Austin traffic congestion, Texas made congestion reduction a goal. Pisarski and Utt identify Texas as a model in striving to improve highway transportation.

If Texas receives kudos in this book, Portland, Ore., gets the brickbats. In his essay, Schwartz cites Portland's regional planning for making *increasing* congestion a goal.

The Portland planners want to drive people out of their automobiles and onto mass transit through increased congestion.

Peter Gordon's essay on regional planning failures has some pithy observations on the results for Portland. One casualty is affordable housing: "housing growth … lags, and housing affordability in the 1990s fell by more than any other major metro area …." (page 161) Growth has moved to areas outside Portland's core. Portland's planners achieved their goal of increased congestion by 33.3 percent, the biggest increase in the U.S. between 1985 and 2001.

Gordon's excellent essay puts regional planning in the context of the more general debate between central planning and the more atomistic decision-making available in markets. In his view, it is not all that different from the debate between the late Austrian economist Friedrich Hayek and macroeconomic central planners. Gordon says people are voting with their ballots and their feet to curb or escape from large planning units.

Two articles – by Robert Poole and Kenneth Orski on toll roads, and by Utt and Shirley Ybarra – should be read in tandem. Poole and Orski review the experience of recent toll roads. Utt and Ybarra discuss how private highways failed and became government responsibility, but now that trend has reversed as government highway funds have not kept up with needs.

Both point out America's highways are one of the last bastions of socialism, especially now that the Berlin Wall and Soviet Empire have fallen. This is very odd when one considers Europe has largely turned its limited access highways into private, investor owned utilities. There has been significant opposition to highway tolling because Americans have gotten used to zero-price highways, but now, with government highway dollars constrained, there is growing sentiment for private investment and tolling. Highway users are more willing to pay, particularly if it reduces congestion. And modern global position system technology is enabling more sophisticated tolling.

A couple of quibbles with the book: First, the title, *21st Century Highways: Innovative Solutions to America's Transportation Needs,* is a little too broad. There is very little in the book concerning highway freight transportation. This is a book strictly about passenger transportation.

Second, a couple of the essays refer to the disadvantage that private investors face in not being able to float tax-free bonds like their municipal "competitors." That is only a secondary challenge for private highway promoters. The real problem is that private toll roads face competition from zero-price highways, *e.g.*, the Dulles Greenway competes with Virginia's Route 7. If tax-free financing were such an advantage, there would be no private universities competing with public universities. Building private highways with tax free (and hence subsidized) bonds would only serve to mis-allocate scarce capital from more efficient pursuits that might not be private highways.

Apart from those quibbles, this is a valuable addition to the transportation literature. It is even enjoyable to read.