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## Congestion Pricing Is Class Warfare. Here's a Better Idea.

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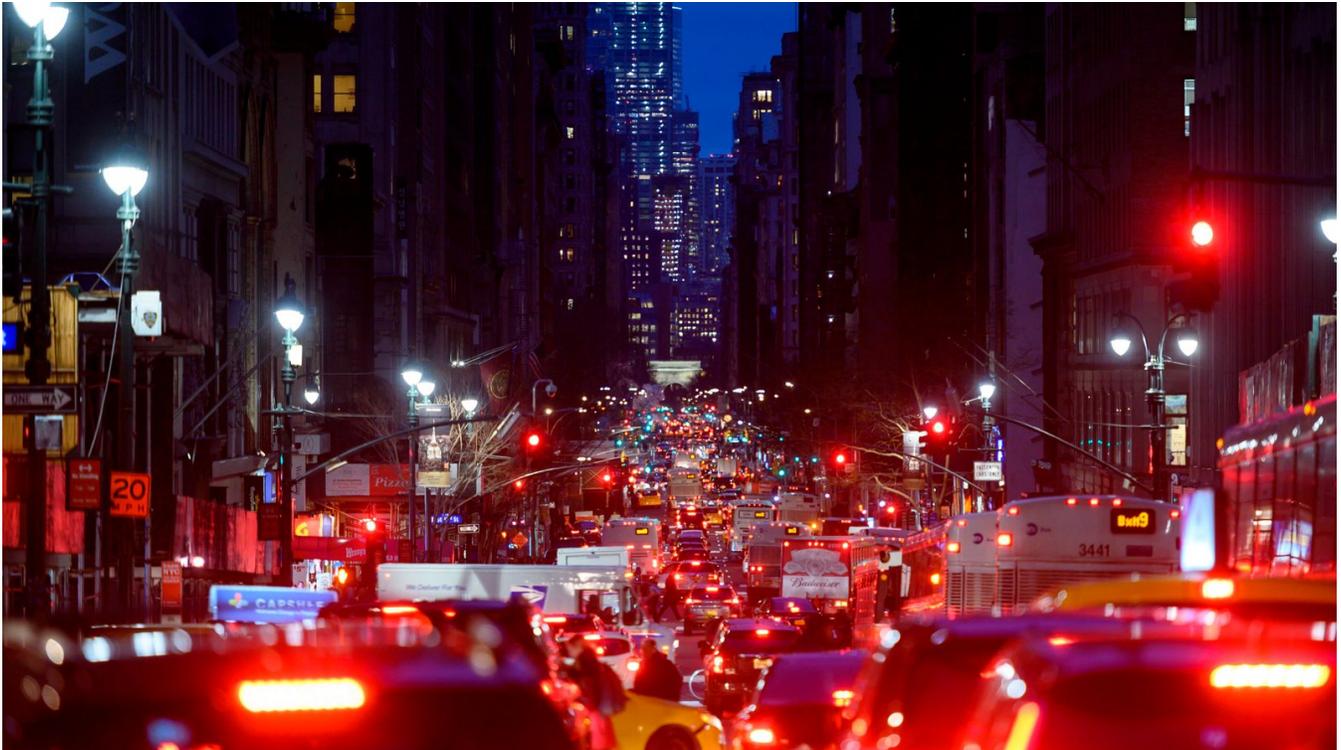
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THE NEW + THE NEXT

# CONGESTION PRICING IS CLASS WARFARE. HERE'S A BETTER IDEA



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## WHY YOU SHOULD CARE

Plans are afoot to charge drivers to enter Manhattan. But we need a fairer way to reduce traffic.

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By Ramsi Woodcock

THE DAILY DOSE    MARCH 31, 2019

Henry Ford's dream was to democratize transportation by selling cars so cheaply that every American could own one. His shareholders sued him for it, but Ford eventually succeeded, and we owe today's driver-friendly America in part to Ford's insistence that the automobile be a mass-market item. While climate change has taught us that the car was the wrong route to transport democracy, it has done nothing to undermine the principle that there should be no class divide in American transportation.



But one of the most progressive states in the union, New York, is about to write such a class divide into law, in the form of congestion pricing for access to Manhattan. If the plan goes forward, commuters will be charged more than \$10 to enter the island, and other major U.S. cities may follow the Big Apple's lead.

Congestion pricing taxes car commuters. Advocates, including New York Gov. Andrew Cuomo, public transport groups and even a once reluctant Mayor Bill de Blasio, argue that the tax would reduce rush-hour traffic and raise billions of dollars to invest in improving the city's decrepit subways, which in turn would increase subway ridership, further reducing traffic.

## CONGESTION PRICING ISN'T REALLY RESERVING THE CITY'S STREETS FOR THOSE WHO NEED THEM MOST; IT'S RESERVING THEM FOR THE RICH.

All that is true, but congestion pricing does something else: It puts the burden of decongesting the city entirely on the backs of poor and middle-class drivers, by politely but effectively making it impossible for some to drive into the city because they simply can't afford the tax.

If there were no other way to reduce traffic, then, of course, New York should ask the poor and the middle class to shoulder this burden. But my research shows that there are other ways to reduce traffic that won't write a class divide into law.

### THE LIMITS OF THE PRICE SYSTEM

The premise of congestion pricing is that the best way to prevent overuse of an important resource is by charging for access to it. Those who value the resource more, the theory goes, will be willing to pay more for it, and so those who actually end up paying the price and using the resource will be those who value it the most. Those who decide not to pay — and therefore shoulder the burden of eliminating overuse of the resource — will be those who needed the resource the least.



urgency, however, willingness to pay is an imperfect indicator of need. A dollar, after all, is worth much less to a rich person than to a poor or middle-class person. So congestion pricing isn't really reserving the city's seats for those who need them most; it's reserving them for the rich.

## RATION WITH TECH, NOT PRICE

But there is a way to reduce traffic in Manhattan without excluding the middle class or the poor: allocate access based on the rule of first come, first served. Instead of charging for access, simply close the island (or the parts of the island that are the focus of the current plan) once it has filled up.

First come, first served, like congestion pricing, strives to grant access based on need — the more you want to enter the city, the earlier you will line up — but unlike congestion pricing, it would be far harder for the rich to use their wealth to short-circuit the sorting mechanism. Sure, the wealthy could pay people to line up in their place, but New York could ban the practice, whereas under congestion pricing the city could never prohibit the rich from buying access when they don't really need it.

First come, first served evokes visions of lines of vehicles stretching off into the distance along the approaches to the city, and 10 years ago that would have been true. But the internet has taken the effort out of waiting by allowing us to join virtual lines from the comfort of home, which means the first-come, first-served model is now a viable alternative to the price system.

Imagine that instead of congestion pricing, city leaders were to create a city access app. The app would know your location and how long it would take you to drive into the city, and therefore could inform you before you depart whether you will be granted entrance. Even better, the app could measure your need to drive, allowing those who live far from public transport to drive during rush hour but requiring those with public transport options to use them during busy periods. Either way, no physical line would be necessary.

Sure, it's a bit more cumbersome than just driving into the city and having the tax deducted automatically from your bank account. But that's only for those lucky enough to be able to afford congestion pricing. For those who would be priced out of the city, and thus their jobs, by congestion pricing, an app-based first-come-first-served approach would be a big improvement.

Some have suggested that New York’s congestion pricing plan should include an exemption for the poor, but any proposal to make the plan truly affordable is doomed to failure, because if one can still afford to drive to the city under the plan, then the plan won’t stop congestion. The proposal to exempt the poor should be seen for what it is: an attempt to obscure congestion pricing’s classist reality, at the expense of the middle class, which would not be exempt.

## TAX INCOMES, NOT DRIVERS

First-come-first-served might be a more democratic way of rationing access to the city’s streets, but what about all the tax revenue congestion pricing will generate to fund the subways? First-come-first-served can’t generate that revenue, because it keeps city access free. Nor should it.

Economists have long argued that the best way to soak the rich is directly — through taxes on high incomes and capital gains, like the state’s Millionaire’s Tax and a proposed exaction on second homes — not by taxing behaviors. Behaviors, such as commuting, often cut across class lines, and you end up taxing the rest along with the rich.

America has a long tradition of preferring market-based solutions to public problems, which is what congestion pricing represents, but America also has a longstanding hatred of class privilege — epitomized by Ford’s desire to put a car in every garage. That may explain why a still-class-bound London, and authoritarian Singapore, have embraced congestion pricing, but American cities have not.

And shouldn’t.

*Ramsi Woodcock is a law professor at the University of Kentucky.*



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