

# 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 =  
$$\frac{\left[ \frac{\text{vehicles}}{\text{population}} \right] (\text{population}) \left[ \frac{\text{VMT}}{\text{vehicle}} \right] \left[ \frac{\text{Fuel}}{\text{VMT}} \right]}{\text{_____}}$$
- 2) Pollution = FN (energy consumed)
- 3) Fix the system; fix the vehicle
- 4) Air quality problem as
  - lead
  - CO
  - HC, NO<sub>x</sub>
  - CO<sub>2</sub>
- 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 GRASP OF IDEAS

### 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 GRASP OF IDEAS (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 GRASP OF IDEAS (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 GRASP OF IDEAS (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 GRASP OF IDEAS (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) CITE SOURCES

3) HOW WOULD YOU  
STRUCTURE ANALYSIS?