High Gas Prices Won’t Cure Gridlock

By Charles Komanoff | Jul 3, 2008 | 18

It’s the New Math: a dollar-a-trip rise in the cost of fuel for a car trip to Manhattan is cutting traffic almost as much as Mayor Bloomberg’s eight-dollar toll plan would have done.

Too good to be true, right? But that’s the slant of the front-page headline in today’s Times, "Politics Failed, but Fuel Prices Cut Congestion":

Soaring gas prices and higher tolls seem to be doing for traffic in New York what Mayor R. Bloomberg’s ambitious congestion pricing was supposed to do: reducing the number clogging the city’s streets and pushing more people to use mass transit.

The article reports that traffic on MTA bridges and tunnels within the city and the Port Authority’s Hudson River crossings was down this spring by 4-5 percent compared with the toll increase was of the 6.3 percent drop sought by the mayor’s plan.

Good news, but how much of the decline is due to the price of gas and how much to the increases that took effect around the same time?

I think that so far the tolls have been the bigger factor. Here’s why: a typical round-trip Manhattan CBD uses between 1.3 and 1.4 gallons of gas (based on an average 22.6-mile round-trip distance and a stop-and-start 17 miles per gallon). Nationally, gas cost $3.65 this April-May and $3.05 a year earlier, year-to-year increase of 60 cents a gallon or just 80 cents per trip. The toll increase wa:
deal higher than this, even accounting for trips into town via the free bridges.

Okay, hardly anyone does these calculations before deciding whether or not to drive. A perhaps $4 gas will start to act as a tipping point, making it socially acceptable to drive triggering larger defections from cars than the numbers would predict — particularly in transit-rich environments like the New York region.

Could happen. But I wouldn’t count on it. In recent years, the "elasticity" of gasoline consumption, as indicated by changes in usage relative to changes in pump prices, has fairly constant across a wide range of price fluctuations. (See [spreadsheet](http://usa.streetsblog.org/2008/07/03/high-gas-prices-wont-cure-...).) We’ll know this score in a few months, when usage data corresponding to the $4 price become available.

The Times quotes traffic guru Sam Schwartz:

If we start eclipsing $5 a gallon, which we might over the summer, I think we might get close [to the mayor’s goal].

Gridlock Sam may be right. But what the article doesn’t say is, first, whether that 6.3 percent drop in Manhattan traffic (and 1-2 percent citywide) is so momentous; and, second, which tool for cutting traffic is more desirable: a "market-driven" gasoline price rise that enriches owners of petroleum, or a socially-decided road-pricing policy whose revenues would be available to improve transit.

Relying on punishingly high gas prices to undo a century of motorist-skewed traffic policy like praying for a hailstorm to cure a drought. Congestion pricing, particularly via game-changing programs such as the [Kheel Plan](http://usa.streetsblog.org/2008/07/03/high-gas-prices-wont-cure-...), remains essential for New York.

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This goes to show you that the real energy problem is low prices, not high prices. Had the cost of fossil fuels remained at current levels (in real dollars) through the 1980s, 1990s and 2000s, alternative energy and fuel conservation would have been more advanced, and we wouldn’t have locked into such an energy-intensive land use pattern and capital stock.

But the generation in charge couldn’t resist the short-term charms of cheap energy, the easy way. Now we are over a barrel.

If prices stay at this level for the next 30 years, maybe we can get out of it. That’s all public policy has to do.

△

Robin Chase • 9 years ago

You talk about the elasticity of demand for gas. I just blogged that $4/gallon gas does seem to have triggered more behavior changes than previous price increases. Hopefully we have found a baseline sweet spot for incenting real behavioral changes.

http://networkmusings.blogs...

Your point about the major difference between high gas prices and congestion pricing is where the new revenue ends up is critical. Transit improvements (and bike and ped improvements) all require money. While they could be many sources for these (i.e. state and federal government)...
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