

Central Lane Metropolitan Planning Organization

From: Rob Zako [robzako@gmail.com] on behalf of Rob Zako [rzako@efn.org]
Sent: Friday, May 15, 2009 11:40 PM
To: *LCOG MPC MEMBERS
Cc: *LCOG TPC
Subject: Speaking of tolling...

Dear MPC (and TPC) members,

Speaking of tolling, I was just cleaning out some old web bookmarks and came across the following opinion piece from a few months ago by *Wall Street Journal* columnist [Thomas Frank](#). To be sure, Frank is a left-leaning writing in what is a right-leaning newspaper, as should be clear from his comments. But according to [Wikipedia](#), "Frank is a historian of culture and ideas and analyzes trends in American electoral politics and propaganda, advertising, popular culture, mainstream journalism and economics."

But judge for yourself. Your mileage may vary.

Rob Z

<http://online.wsj.com/article/SB123310436361422253.html>

OPINION: THE TILTING YARD

Toll Roads Are Paved With Bad Intentions

Conservatives have stoked hostility toward the state.

By THOMAS FRANK



The Wall Street Journal
January 28, 2009; page A13

Back in the days when the market was a kind of secular god and all the world thrilled to behold the amazing powers of private capital, the idea of privatizing highways and airports and other bits of our transportation infrastructure made a certain kind of sense.

Private businesses did everything better than the state, we were told. And that meant even tasks as inherently public as maintaining bridges and roads.

And so, during the Bush years, promoting these public-private partnerships became one of the great causes of the U.S. Department of Transportation. It was nothing less than a "revolution," Transportation Secretary Mary Peters exclaimed last June on her blog the Fast Lane. It was a "quiet revolution," she wrote, on which the administration planned to "turn up the volume."

But something happened on the road to privatopia, with so many brilliant schemes of the last few decades melting away in this harsh new day of failing banks and plummeting asset prices. Recent events have even pushed the ugly word "nationalization" into the conversation, with our brightest pundits choking over those alien syllables.

Thus was highway privatization stripped of its extremeness. It is no longer one of those things that you need urgently to do because all the cool European kids are doing it.

The thing now is to seem concerned in a vaguely social-democratic way. Ikea is calling on consumers to "Embrace Change." The new Pepsi campaign, shouting "Hope" and "Yes You Can," mirrors the Obama-for-president effort. And a group of infrastructure-privatization boosters, including Merrill Lynch and Morgan Stanley, have recast their project as a sort of "private stimulus." As one of the group's members told *The Wall Street Journal* last week, private infrastructure investment is "really a perfect fit with Obama's objectives."

How so? Well, state governments are in straitened circumstances these days, scarcely able to afford the upkeep on the roads and bridges they inherited from our statist ancestors. Indeed, one scarcely ever sees the word "infrastructure" without the inevitable qualifier, "crumbling." And few are willing to raise the gasoline taxes which pay for the repairs.

So the thing to do is give up. Lease those roads and bridges out. Let a private company collect the tolls, widen the lanes, and fill the potholes. They can make it work, and when they do, they will create jobs.

Besides, the private-sector group insisted, if we don't take the money, someone else will. It's a harsh, competitive world out there, and governments all over the world are racing one another to turn their infrastructure into investment opportunities. Americans must act "before private funds are attracted elsewhere."

Just to make sure Americans do the right thing, the pro-privatization worthies further suggested, in the words of a Reuters account, that maybe the coming federal stimulus package "should tie stimulus funds to private capital involvement." Apparently these privatization deals aren't sweet enough to sell themselves.

But there's good reason to be reluctant to privatize. It doesn't take an MBA to figure out that we didn't build our Interstate highways in order to create opportunities for venture capitalists. The purpose was public service.

Transferring them to the private sector, at the very least, complicates this mission. At worst it will effectively close those roads to the part of the population that can't afford the revolutionary tolls that private ownership will surely bring. The cost of, well, just about everything will start to rise as more pieces of the transportation system embrace their for-profit destiny and start charging whatever the desperate commuter will bear. Wear and tear on the remaining public-sector roads will certainly increase as traffic is driven off the tollways.

And even if your governor's heart is set on immediately extracting the long-term value of a highway, privatization isn't the cheapest way to do it. Public borrowing is costly these days, true, but interest rates on municipal bonds are still considerably lower than those borne by corporate debt. Allowing a private rather than a public entity to take over your toll road merely means that your tolls will have to be that much higher to cover their more expensive debt.

Perhaps it's best to go back to the ideological beginning. One of the reasons our roads and bridges are falling apart is public hostility to tax increases -- gasoline taxes in particular. This attitude, in turn, is largely the product of the generalized distrust of government that conservatives have stoked for decades.

So we've starved the beast for years, and now the utterly predictable consequences have come to pass. But the ideologues responsible aren't really to blame. Governments have failed not because the right undermined them for decades. They've failed because it is their nature to fail. The answer is to throw ourselves on the mercy of the market -- to embrace this last, worst outsourcing scheme of them all.

And once you've signed on to that, they've got a 99-year lease on a bridge they'd like to sell you.

Write to Thomas@wsj.com