Idea Notes from Class 11, Oct 09, 2013

Note #01.

A key question I have is to what extent black markets for car licenses in Shanghai and Beijing can actually offer efficiency or at least desirable flexibility in terms of allocation. If, in Beijing despite the difficulty of obtaining a license though the initial lottery, might this lot be seen as preferable to a shanghai system that is auction-based but more rule-based?

Note #02.

To own a car and drive to work is a dream for millions of people live in Beijing, as a lived in Beijing for more than 20 years, I feel like driving a car is one of the difficult things in Beijing, and as drivers, we find ourselves struggling with unendurable tropic jams everyday.

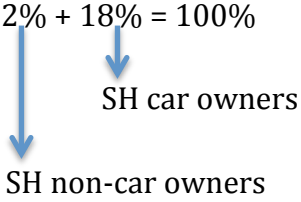
To evaluate Beijing's car ownership policy is not an easy thing, because Beijing is the capital and political center, people from all over the country will choose Beijing as their first choice to move in, not Shanghai. Especially to the rich people, Beijing has the best resources of education and medical treatment. What if Beijing uses Shanghai's bidding policy, it still cannot swift the chance to us ordinary people. I am wondering if Beijing can use market forces to keep traffic flowing by raising the toll during rush hour, for example congesting price, it successfully be used in Singapore and also started in LA in the late 2012. All in all, it will be a tough problem for Beijing local government to deal with because the situation in Beijing is combined and complicated.

Note #03.

As a potential driver in Beijing, I feel it is lucky that Beijing didn't choose the auction way because I heard from my fried in Shanghai that some licenses were bidding as high as 500,000 Yuan, that is pretty scary.
However, if I'm a director of Beijing, the auction method seems to be helpful to increase local revenue. Shanghai as an international trade center, the high urban infrastructure requirement will need more local finance, therefore it will be a good solution.

Note #04.

The slide where 72% + 18% = 100% might be fixed



Are peak hour restrictions of out-of-province cars perceived as use fees or as prohibitive fines? (how expensive are they?)

How are less developed cities in China approaching this issue? Are they implementing policies early to restrict driving? Are some cities taking a use fee/fuel tax approach?

Note #05.

In my point of view, to address the problem of congestion is very important. To manage the use of the car, I think the case of Beijing and Shanghai shows just a part of the problem solutions. “The ownership” I think is important to go for the manage of the use, taxes, congestion pricing, parking management, etc.

Note #06.

Great presentation Jinhua as always.
Is here a base price for the auction for the car quota? How are the base prices fixed?
The question of equity is really tricky. The vertical equity requires subsidies for the disadvantaged people whereas the horizontal equity requires road users to bear the costs of their transport services.
If the local government are responsible to make the choices on the vehicle policy than couldn’t they think of following the Shanghai model to collect revenue and not worry about the loss on the leasing fee if the property tax is initiated?

Note #07.

In terms of policy acceptance, could the Shanghai/Singapore car ownership management policy ever actually be "accepted" by the public, especially before it's implemented? Seems that if you took public opinion before the policy is in place, you would never get full acceptance of the policy even if they eventually come around to it after its done and it's effectiveness has been demonstrated.

Note #08.

Is it possible to stem demand not through preventative measures but even in the mitigation phase? less marketing. Right now it feels that policies are taking rights and options away. What if there is no idea of a right or option in the first place - this of course must consider that there are already existing cars in the city, not to mention the infrastructure/growing infrastructure for it.

The other thought is that, is there a future where the car is seen as a service rather than a product? If the car industry is a pillar industry in China, it is difficult to do away with it (i.e. counter marketing of cars) But if we can see cars as a service (a need to provide a certain level of service - transport), this may change the other social dimensions around cars. Car sharing, etc. has changed the way cars are being viewed - from an individual product to a service. A service also allows for a consistent demand (but perhaps not growth) for cars.

Note #09.

Along the same lines as Barry, I think it's important to think about the alternatives to driving a car or car ownership alongside with thinking about modifying the policies of car ownership itself. I feel that the only fair way to make one policy more restrictive, especially monetarily, is to provide viable alternatives like car sharing, public transportation, etc. Furthermore, these are the changes that allow a shift in mentality, which is ultimately the most effective measure to change behavior, in my opinion.

The main question I have is in terms of feasibility: We can talk about system-wide changes or alternatives to resolve transportation issues, but in large cities like Shanghai or Beijing, I wonder about feasibility of implementation. To create a BRT system in Beijing, millions of dollars was spent per MILE(!) in

infrastructural costs. Of course, in a country such as China, to implement these large-scale infrastructural changes is slightly easier, but nevertheless, I believe the way that the Beijing government is currently trying to stem the usage of cars rather than build new infrastructural interventions is an effective temporary solution.

Note #10.

While Prof. Zhao argues that car control measures should be implemented throughout the whole process (from ownership to usage), I would like to know the respective contribution of all these different measures, i.e. empirically to what extent car ownership control could reduce the congestion problem, what about higher parking fees and fuel taxes? Theoretically, the problem lays in the scarcity of roads in large cities, so the usage of cars on streets. Could we encourage car ownership, so to promote car industry, but to restrict usage in large cities to reduce congestion? I understand the implementation could be a problem. Better knowledge on the respective contribution might better guide policy making.