Credible Commitment and the Political Prospects of Congestion Pricing

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ABSTRACT

Congestion pricing is closer than ever to becoming part of mainstream congestion management, but still faces large political obstacles. Because the majority of urban motorists are made worse off by paying congestion tolls, generating political support for congestion pricing will depend strongly on how the toll revenue is distributed. For this reason, the political acceptability of congestion tolls relies on addressing the credible commitment problem. If the toll recipients do not trust the toll collectors, political actors will continue to oppose congestion pricing. We use interview and survey evidence from Los Angeles County to illustrate this problem.
“The promise given was a necessity of the past; the word broken is a necessity of the present.”
--Machiavelli, *The Prince*

INTRODUCTION

Building political support for unpopular policies is an obviously difficult task. Congestion pricing, in spite of recent interest, remains an unpopular policy. To be sure, the idea that governments might relieve congestion through tolls no longer lives in the policy wilderness; successful programs in London and Stockholm have given road tolling a higher profile. In the U.S. the federal Department of Transportation has invested over $1 billion in pricing pilot projects. Yet pricing is still quite rare, and a great many officials are unfamiliar with it. There are many reasons pricing faces difficult political odds even as the public complains about congestion and the technological barriers have been overcome. Congestion pricing is complicated as a concept, because most people have difficulty grasping the efficiency argument that underlies it. Pricing is also at least superficially unfair. It is somewhat progressive through the population at large, because individuals with higher incomes tend to drive more, and hence pay more. But it is regressive through the driving population, and survey evidence consistently demonstrates concern about poorer drivers, who will be tolled at the same rate as the rich. Most of all, however, congestion pricing levies a large, direct and transparent charge on roads that has been free perceived as free for over 60 years.

Against these formidable obstacles congestion pricing presents one major political advantage: the ability to generate revenue. Implementing tolls will require significant upfront investment, in the form of electronic road tolling equipment. But a comprehensive regime of congestion pricing in a congested metropolitan area would likely raise a substantial, if not a massive, amount of money. Deakin and Harvey [1] examined the potential revenue from tolling freeways in Southern California and concluded that tolling would generate about $5 billion annually net of collection costs. Langer and Winston [2] estimate that a national program of freeway congestion pricing would generate $120 billion in revenue. Even if these projections are off by factors of two the revenue potential is enormous.

Many researchers argue that redistributing the revenue to create political support or minimize opposition is necessary for implementing and sustaining any regime of dynamic road tolls [3-6] A number of scholars also noted that revenue redistribution is necessary to make congestion pricing welfare-enhancing in any meaningful sense. Almost all of pricing’s gains are locked up in the toll revenue, meaning that congestion pricing will only increase overall welfare in the sense that the revenue recipient’s welfare has grown [7-9]. Revenue redistribution is therefore crucial to both pricing’s political feasibility and its economic efficiency.

Distributing toll revenue might well mitigate some of the problems that confront implementing congestion pricing. But revenue redistribution is unlikely to be easy, for it is accompanied by dilemma of its own. In this paper we introduce a problem that has gone otherwise unremarked upon in the congestion pricing literature, which is the problem of credible commitment. Credible commitment problems arise when one party to an agreement does not trust the other party. If this absence of trust cannot be ameliorated—if the agreement cannot be made “ex ante verifiable or ex post enforceable” [10]—then the bargain will not be struck, and any gains to be had from the exchange will not be realized.
In the context of congestion pricing, commitment problems have a direct bearing on promises to distribute toll revenue. Transportation policy in U.S. metropolitan areas is shared vertically by local, state and federal governments, and horizontally across a wide range of local governments. There is thus a strong possibility that in any system of congestion pricing the final recipients of the toll revenue will not be its collectors. This will be true if the toll revenue is rebated to drivers[6, 11], if it is given to public transportation agencies [4] or if it is redistributed to local governments [5]. The viability of any redistribution plan pivots on trust between the recipients and the collectors. No use of the toll revenue will be valid if the revenue recipients do not believe the revenue collectors will actually give them the money. And if the individuals or institutions promised the congestion toll revenue do not trust the institution that collects the tolls, they will not support the implementation of congestion pricing.

We illustrate the problem of credible commitment using evidence from Los Angeles County, a fragmented metropolitan region that has the nation’s worst traffic congestion and a history of tumultuous intergovernmental relations. State policymakers in California have for years raided funds dedicated to local governments, and particularly local transportation funds, and diverted those resources into the state’s general fund. The ramifications of this revenue-shifting have been magnified by pervasive interjurisdictional tension. Elected officials from the southern and eastern parts of the county regularly complain that revenues dedicated to transportation projects—revenues financed by taxes that they agreed to support—are spent disproportionately in the City of Los Angeles and the affluent cities of county’s west side. The result is a political environment often characterized by accusations of favoritism, unfairness and broken promises.

Poisoned political environments have policy consequences. We use results from a survey of local officials, supplemented with data from over 50 interviews with local officials, to show that pervasive intergovernmental and interjurisdictional mistrust poses a serious obstacle to the implementation of congestion pricing. Local officials consistently stated that they felt powerless to battle congestion, which they saw as a regional problem. But when presented with the idea of congestion pricing they also consistently expressed suspicion that county or state leaders would divert any toll revenues away from promised uses. This mistrust of higher levels of government also colored opinions about pricing’s efficacy. A substantial proportion of our respondents viewed freeway congestion pricing as a way for the state to move congestion off the freeways and onto locally-controlled public streets. Congestion pricing was not a local amenity, in other words, the way a new road or rail line might be; rather it was a shift of responsibility for congestion from the state to localities.

To be clear: we are not asserting that credible commitment is the only obstacle to implementing congestion pricing. Other transportation analysts have correctly noted that pricing’s political fortunes are hindered by concerns about equity [12], by a belief that pricing is a form of “double-taxation” [13], and by a general misunderstanding of how congestion pricing works [14]. Our data support all these assertions. These concerns lead scholars to assert that revenue redistribution can ameliorate these problems. Our point is that the need for revenue redistribution might just as easily compound these problems. Congestion pricing is often described as a new approach to fighting congestion, and in many ways it is; forcing motorists to pay rent for the roads is a radical departure from conventional transportation planning. But new policy is not the same as new politics. Congestion pricing seem a revolutionary policy for traffic management, but it will be introduced and debated in the same old political environments, which
are often polluted by old grudges, territorial feuds, and long memories of broken promises (real or imagined).

The remainder of this paper proceeds as follows. In the next section we describe the credible commitment problem, and illustrate it with some stylized facts from recent efforts to implement congestion pricing. In Section III we begin the empirical portion of our paper. We first describe the political context of transportation policy in Los Angeles County, and show that is characterized by frequent interjurisdictional and intergovernmental conflict. In Section IV we use our survey and interview data to show that while congestion is a large problem for local officials, most feel powerless to fight it, and their efforts involve little more than lobbying for assistance from county and state officials. We then demonstrate that most local officials are not familiar with congestion pricing, and that this lack of familiarity is exacerbated by a distrust of state and county officials. This distrust, in turn, stems from a perception that revenue promised to them by the state or county rarely materializes. In section V we conclude.

THE CREDIBLE COMMITMENT PROBLEM

Trust is the essence of politics, because politics is built on exchange [15]. Policies tend to be important to one group, and modestly important, or at least not objectionable, to other groups, and opposed by still others—none of whom represent a majority. In such circumstances the success of the policy will require a coalition, and the coalition will be held together by an explicit or implicit understanding that any group’s support will be returned in kind.

The commitment problem arises because many political exchanges are not simultaneous. Rather the exchange is intertemporal, which makes it an investment for the parties involved. Like all investments it entails risk. If one party defects from the agreement in the future the initial investment becomes a loss. Thus the glue that holds the agreement together is Group all parties’ belief that the others will uphold their end of the bargain. If the parties do not trust each other a mutually beneficial exchange will not take place.

Commitment problems increase as the size of the initial irreversible investment rises, and as the ability to enforce the agreements falls [16, 17]. As a result, commitment dilemmas are prevalent in contracts between elected officials or governments. Contracts between private parties are not immune to commitment issues, but private contracts can be monitored and enforced by governments. The promises of governments and politicians, however, are not as easy to enforce. Courts and other countervailing institutions often work less well in practice than they do in theory; as a practical matter, governments often retain some amount of ineradicable discretion, and they can as a result ignore agreements, violate agreements, or pass new laws that supersede old ones, often with relative impunity. And the relative instability of the political sphere only compounds the problem. The institutional arrangement that constrains a current government may not constrain a future government[18, 19].

An elected official or government might renege on an agreement in a number of ways and for a number of reasons. The defection might be deliberate and premeditated—a politician might give his word knowing as he does so that he will break it—but this needn’t be the case and in many instances it probably is not. More frequently unforeseen events, such as a budget crisis or other exogenous shock, might “force” politicians to raid funds they had earmarked for other purposes. Or the elected officials who made the original promise might retire or be thrown out of office, and their successors might believe it politically wise or ideologically sound to rethink the original commitment. Honorable behavior by one elected official is no guarantee of honorable
behavior by his successor. A coalition of actors might support a new tax to pay for capital improvements, but embarrassing cost overruns might prompt a damage-controlling new law that repeals the tax before all members of the coalition get their promised share (these circumstances describe the process of subway construction in Los Angeles). The point is only that public actors, be they sincere or devious, are hard to constrain. “A prince,” as Machiavelli observed, “never lacks legitimate reasons to break his promise” [20, p. 58].

It isn’t hard to see why congestion pricing might be vulnerable to commitment problems. Because the benefits of pricing are tied up in its revenue, a coalition dedicated to winning implementation of congestion pricing will likely be organized, in part or entirely, around the promise of that revenue. But the revenue is by definition a future benefit; it doesn’t begin to flow until the tolls are in place, and the tolls are not in place until some individuals or groups expend time, money and political capital to secure their approval.

Suppose a local jurisdiction is bisected by both a congested freeway and a busy arterial street. State authorities control the freeway, while local officials have jurisdiction over the arterial street. The state highway agency proposes congestion tolls for the freeway system, and asks local officials to help sell the idea to voters. The reaction of a local elected official to this proposal will hinge on at least two factors. First, the official must consider his own constituents’ reaction to the prospect of paying tolls on a freeway. If he believes his voters will be unalterably opposed to paying tolls, and will punish any leader who supports tolls, then he should err on the side of opposing them. Second, even if his constituents are indifferent to paying tolls, the elected official must entertain the possibility that the freeway tolls will divert congestion onto his arterial street, thereby shifting the burden of an intractable policy problem from the state (where he needn’t worry about it) to the locality (where he must worry about it a lot).

If state officials understand these concerns, to mitigate the risk they might promise to dedicate a large portion of the congestion revenue to the locality. This dedication might come in the form of local transportation improvements, or simply as an unrestricted injection of revenue into the locality’s general fund. Whether the local government accepts this offer will depend in part on the magnitude of the revenue and any restrictions placed on it, but acceptance will also pivot on whether the local government believes that the freeway tolls will divert congestion onto his arterial street, thereby shifting the burden of an intractable policy problem from the state (where he needn’t worry about it) to the locality (where he must worry about it a lot).

Because no one can predict the future, the local official cannot be certain if the state officials will defect. But trust or its absence is often the product of repeated interaction, so one way for the local official to evaluate the proposal is to examine his past agreements with state officials. Were they honored or broken? A history of honored commitments increases the credibility of the present proposal. A history of broken promises will erodes that credibility. But past interactions will not always be available or reliable. The local official may have never bargained with the state officials, or the state officials may in past negotiations have been operating under different constraints, thereby masking their actual credibility [18].

CREDIBLE COMMITMENT AND CONGESTION PRICING: EXAMPLES

Recent efforts to implement congestion pricing—both successful and unsuccessful—suggest that distrust of revenue collectors can play a strong role in determining the policy’s
political success. Congestion pricing in Hong Kong failed in part because voters did not believe
government when it proposed to rebate the toll revenue to drivers [21]. Similarly, postmortems
on the failed congestion pricing referendum in Edinburgh suggest that voters did not believe
government promises to spend the money on public transportation [22]. Congestion pricing in
New York was torpedoed by intergovernmental conflict, and by doubts that the toll revenue
would really be spent on new transit projects, as promised [23]. A subsequent plan to toll bridges
on the East and Harlem Rivers—and to rebate some of the toll revenue to drivers—has been
stymied by elected officials’ disbelief that the rebates would be permanent. For example, State
Senator Ruben Diaz Sr., a senator from the Bronx, said, “They’re going to do a rebate? After two
years they’re going to say no rebate. It’s a gimmick.”

Singapore, unlike New York and Hong Kong, successfully implemented congestion
charging in 1975, and today has the world’s longest-running program of congestion pricing. No
doubt Singapore’s success stems in part from the low levels of automobility on the island at the
time the tolls were introduced, but it is worth noting that Singapore is also uniquely insulated
from intergovernmental and interjurisdictional mistrust, and from fears that a new leaders will
refuse to honor the commitments of previous governments. Singapore is an island city-state with
a highly centralized government structure, it is less democratic than most Western countries, and
its government is also considered one of the most transparent and least corrupt on earth. So while
much consulting preceded the introduction of congestion charging, leaders did not need to
bargain or promise the way they might have in other contexts, simply because power on the
island was already so consolidated. The nation has also had extreme continuity of government;
there is little political opposition, and the People’s Action Party has won every election since
1959. Thus the chances that a future government will overturn a current policy on ideological
grounds are rather low.

London’s congestion charge provides another example of how a fortunate institutional
structure can help overcome commitment problems. Like Singapore, London was undoubtedly
helped by the fact that over 80 percent of commuters into its charge zone used public
transportation, so the toll—whose revenues were spent primarily on buses—represented a
transfer of resources from a minority to a majority. But the institutional structure of Transport for
London (TfL) also helped. The British government created TfL to oversee all transportation
policy in Greater London, but also gave it virtually no funding. This combination—being the
sole authority over all transport policy, yet not having an external revenue to exercise that
authority—allowed TfL to evade intergovernmental mistrust (it would both collect and receive
the revenue in order to finance transit improvements) and also to help solve the pre-commitment
problem (the price of using the revenue in a manner other than promised would be very high,
because TfL was highly dependent on that particular use for its own survival).

LOS ANGELES: A HISTORY OF DISTRUST

Los Angeles County has 88 municipalities in addition to unincorporated portions of the
county that function as municipal governments (such as the coastal development of Marina del
Rey). One the county’s cities, Avalon, is located on the island of Catalina 30 miles out to sea and
accessible only by air or water; we did not include it in our analysis. The county’s population in
2007 was just under 10 million; its largest municipality is the city of Los Angeles, at roughly 4
million people, while its smallest was Vernon, which in 2000 had a population of 91. As we
mentioned above, the TTI has consistently ranked the Los Angeles urbanized area as the most
congested in the nation; the average peak hour traveler in the LA urbanized area, according to
the TTI, loses 45 hours per year to congestion delay [24].

Transportation policy in the county is frequently punctuated by conflicts between local
jurisdictions, as well as by tension between local, county and state authorities. Cities fight each
other over property development at municipal borders, on the grounds that the new development
will cause traffic to spill over onto adjacent streets. The fear of spillover traffic led the city of
Santa Monica to fight the Playa Vista development in the City of Los Angeles; led the city of
Gardena to oppose a big-box retail development across its border with Los Angeles; and led the
city of Palos Verdes to oppose a redevelopment plan for its neighboring municipality, to give just
a few examples.

In other instances cities jockey with each other over regional transportation funding, and
the location of new transportation improvements. Many outlying cities resent the amount of
money that flows toward the city of Los Angeles, and believe that Los Angeles wields a
disproportionate influence in the decisions of the county’s Metropolitan Transportation Agency
(MTA), which disburses most of the region’s transportation funds. The Mayor of Los Angeles is
the chair of the MTA board, and is also able to appoint three other board members to the 13-
member board.

Finally, California has experienced conflict between localities and the state over public
finance, and in particular over transportation finance. State legislators in California have
repeatedly responded to fiscal problems by raiding funds explicitly dedicated to local
governments. Between 1991 and 2003, the state legislators used over $40 billion of local, county
and redevelopment agency funding to plug holes in the state budget. In 2004 voters approved a
ballot initiative designed to curb this “forced lending” from localities to the state, but legislators
have continued the practice. Particularly galling to many local officials was the state’s
reallocation of voter-approved transportation bonds in 2006, and its diversion of other voter
approved revenues from the Public Transit Account into the state’s general fund.

LOCAL GOVERNMENTS AND CONGESTION PRICING

King et al [5] asserted that local governments were ideal claimants for congestion toll
revenue. A small and organized group with established political power, local governments could
benefit tremendously from congestion pricing revenue and suffer relatively little cost. They
would thus have sufficient incentive to organize and fight for pricing’s implementation. They are
a well-organized lobby, they need revenue, and their decentralized nature would help ensure that
they spend the revenue in a way that maximized overall welfare.

Although King et al’s argument was general, their primary example was Los Angeles
County. We therefore set out to test the idea that the prospect of toll revenue could mobilize local
officials, and convince them to support congestion pricing. We carried out this test by
interviewing and surveying a range of local officials in LA County.

The interviews and surveys were conducted during winter 2007 through summer 2008,
and asked each interview respondent, prior to the beginning of the interview, to fill out a 1-page,
3-question survey. Later, as our interviews progressed, we augmented survey recruitment by
putting the survey online, and emailing local officials to ask for their participation. For both the
survey and the interviews, we sought a mix of elected officials and those appointed officials who
dealt with traffic congestion—in some municipalities this was the transportation director, while
in others was the director of public works, the director of city planning, or the city manager. We
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also pursued interviews with the executive directors of a number of the county’s Councils of Government (COGs). COGs are regional organizations that attempt to create cooperation across jurisdictions to help solve regional problems. Interviews usually lasted 20 minutes, although some went on considerably longer.

When participants were recruited they were told they were participating in a study on traffic congestion. Congestion pricing was not mentioned because in part we wanted to ascertain local officials’ familiarity with the concept. For the same reason we also did not immediately begin the interview with a discussion of congestion pricing. Rather we first asked respondents to describe the congestion problem in their city, and the various policies, if any, that the city employed to combat congestion. From there we asked if the city employed a lobbyist at the state or federal level to work on transportation and congestion-related issues, and asked whether the city worked with its neighbors on congestion-fighting initiatives. Only after these questions were asked did we bring up congestion pricing.

Table 1: Views of congestion pricing of LA area city officials

<table>
<thead>
<tr>
<th>View</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Familiar with congestion pricing</td>
<td>59</td>
</tr>
<tr>
<td>Comfortable with economics of CP</td>
<td>38</td>
</tr>
<tr>
<td>Supports congestion pricing</td>
<td>29</td>
</tr>
<tr>
<td>Thinks congestion pricing is inequitable</td>
<td>36</td>
</tr>
<tr>
<td>Thinks main benefit of CP is revenue</td>
<td>4</td>
</tr>
<tr>
<td>Thinks CP will cause spillover traffic</td>
<td>21</td>
</tr>
<tr>
<td>Thinks highways should be &quot;free&quot;</td>
<td>9</td>
</tr>
</tbody>
</table>

n=50

The respondents were asked a number of questions that specifically addressed congestion pricing. Only about 60 percent of the respondents were familiar with congestion pricing (see Table 1). Less than half of the respondents were familiar with the economic principles underlying congestion pricing, and about the same amount of respondents thought road pricing was inequitable. ¹

DISCUSSION

Overall, our data yield a remarkable picture of local efforts to fight traffic in Los Angeles. Almost all of the survey respondents (82 percent) said that traffic congestion was a “very important” problem in their city. For the most part, officials we spoke with viewed traffic with a mixture of frustration, determination, and despair; a large problem over which they had little control. Every survey respondent said that traffic congestion was a major problem in their city, and almost all the respondents, with the exceptions being those from large cities or those with large job bases—said that the bulk of the traffic congestion in their cities was either “pass-through traffic” or spillover traffic from freeways. Officials saw their local congestion as a byproduct of trips that originated and ended elsewhere. “All we get is the wear and tear,” as one

¹ Respondents who brought up equity concerns were speaking about toll collection, not the distribution of the revenue.
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city council member from one mid-sized city told us. A city manager from a midsized
municipality made a similar comment:

Every East/West street is a major corridor off of the freeway used as a
pass through that inconveniences the community and even though I can
synchronize on my borders, it only helps going through town…. I don’t
get any benefit. What benefit do I get? I get the traffic… [The drivers]
probably don’t stop for gas very often. They’re certainly not stopping at
shopping centers, not stopping to eat or any of my entertainment centers
so gee whiz, what do I get? Wear and tear. … pollution.”

Efforts to fight congestion

The helplessness in the face of congestion was illustrated by descriptions of local efforts
to fight it. Roughly half of the respondents told us they were upgrading their signal
synchronization technology—an engineering fix designed to help arterial traffic move more
smoothly. The next two most common responses were throwing support behind regional transit
improvements (just over 1/3 of respondents) and throwing support behind expansions of the
freeway system (about one-fifth of respondents). Notably, these latter efforts are essentially
lobbying: no individual city can expand a freeway system, and fewer than ten of the county’s 88
cities have their own public transit agency. No individual city operates a rail line, which many of
our respondents espoused. Almost all of the cities employed a lobbyist in Sacramento to work on
transportation issues.

Familiarity with congestion pricing

Congestion pricing is well-known among transportation analysts but decidedly more
obscure to the general public. Even for those who are aware of pricing, it is a deceptively
difficult concept to understand. In part this reflects a cognitive bias—sometimes called the
“confirmation bias”—that leads people to dismiss information that might contradict one’s
previously held beliefs or justify policies that would result in a loss[18]. In part it also reflects a
phenomenon highlighted by Viegas[14], which is that the public is often ill-equipped to
understand policy arguments grounded in the economic notion of efficiency, particularly when
those policies result in visible losses and less visible (albeit larger) gains.

Table 2 uses responses from our survey to show attitudes about a range of congestion-fighting measures. Because the survey is from a convenience sample rather than a scientific
sample, these attitudes should not necessarily be understood as representative of all local
officials in Los Angeles County.

At first glance, support for congestion pricing is rather high: 47 percent of respondents
either “strongly support” or “somewhat support” using pricing on freeways, while only 15
percent opposed it. Support for cordon tolls was lower: 20 percent of respondents support the use
of cordons while 26 percent oppose them. A proponent of congestion pricing might find these
numbers promising, but closer examination should dilute that enthusiasm, for two reasons. First,
while more people told us they supported pricing than said they opposed it, a more relevant fact
might be that pricing has very low levels of support relative to other policies. Where 47 percent
of respondents express some support for freeway congestion pricing, 65 percent expressed support for expanding the freeway system, 90 percent supported more carpool lanes, 96 percent supported improvements to the bus system, and 96 percent supported increased light rail. Because the survey did not ask respondents to choose between policies, nor did it attach price tags or revenue instruments to any policy, the fact that pricing ranks so low is not promising.

Second, an unusually high share of the respondents had no opinion about pricing. Almost 40 percent of the respondents marked “don’t know/indifferent” when asked about freeway congestion pricing, and over half marked “don’t know/indifferent” when asked about cordon tolls. By contrast, only 3 percent marked “don’t know/indifferent” when asked about light rail transit. Thus the dominant response to the idea of congestion pricing was one of uncertainty.

Our interviews support the idea that many respondents, both elected officials and professional transportation planners, do not have a good grasp of how congestion pricing works. As one of our respondents told us: “I don't think there's been a serious discussion of tolls. I've been in elected office for 12 years. It's never been discussed at meetings that I've ever been to. We've discussed adding lanes on the freeway. We've discussed subway. There's been discussion of light rail. There's discussion of carpooling and expanding carpools, and certain vehicles. I've never had a discussion of tolls.” Another respondent, the mayor of a city of 100,000, told us, after candidly admitting that he knew next to nothing about pricing:

Clearly we haven't come to the point where people have accepted that concept [congestion pricing]. I mean, when you find the mayor of a, you know, small town saying 'you better teach me about this' -- you know, there's a lot of education to be done … Maybe I'm behind the times on it, but I'm not sure I'm too far behind the curve.

Other respondents told us they were familiar with congestion pricing and understood it, but their comments betrayed misconceptions. Some interviewees appeared to associate congestion pricing with conventional toll roads. A few respondents suggested that congestion pricing’s value as a traffic management instrument lay in its ability to finance capital improvements. For example, a public works director in a mid-sized city said:

I would rather see dollars generated by [congestion pricing] spent on transportation, and when the need is no longer there because we have high speed rail, we have a monorail, then quit the fee … What do you do down the road when everything is built, and we have a paradise as far as transportation is
concerned, and you have this infrastructure of people that work there, and
booths, and it’s another problem for another day, but I would just as soon see the
fees go away once the solution has been built.

Overall, interview respondents’ attitudes about pricing ranged from open-mindedness
(“we should be prepared to try anything”) to political fear (“Everyone would be recalled … the
response would be overwhelmingly negative; I’m just convinced of it.”) About thirty percent of
the interview respondents voiced some level of support for congestion pricing, although this
support was often qualified. One of the major qualifications was a concern about congestion
pricing’s equity—roughly a third of the respondents told us they thought congestion pricing
might be inequitable. Only a handful of respondents expressed an ideological aversion to tolls or
other user fees, although these convictions tended to be strong: “There’s a reason they’re called
‘freeways’” and “Our elected officials up here are not fans of tolls.” One respondent, a city
council member, told us firmly that he regularly campaigned on a pledge to keep all parking free.

CONCERNS ABOUT SPILLOVER TRAFFIC

Over one-fifth of the interview respondents expressed concern that putting congestion
tolls on the freeways would cause spillover traffic onto local streets. Almost every respondent
who voiced this concern framed it as a jurisdictional issue; if CalTrans were to toll the freeway,
it would be both collecting revenue and offloading drivers onto local governments that were
already ill-equipped to handle their current congestion levels. Congestion pricing would shift
rather than solve congestion levels.

CalTrans seems to really only be worried about traffic on the freeway, and
they don't care a whole lot about traffic on our streets. In fact, they're more
than willing to keep traffic on our streets as long as it doesn't affect the
freeway.

A planning director:

[With congestion pricing] you're not reducing the number of trips, you're just diverting
those numbers of trips from being on the freeways to possibly being on the public
streets, so you're taking that one burden from the freeway system and putting it on
another network.

Revenue Redistribution and Distrust of State Officials

The pivotal question in our interview was the third one—would local elected leaders
support congestion pricing if the revenue was returned to their cities? The answer, perhaps
surprisingly, was no, and it was “no” largely because the respondents did not believe the money
would actually arrive. Fully 30 percent of our respondents, from cities large and small, explicitly
told us that they thought the state would keep any toll revenue dedicated to local governments.
Respondents cited past instances where the state had reneged on agreements to spend money in
particular ways. These respondents were often at their most strident or agitated when discussing what they saw as raiding of dedicated funds by state legislators. Many of the respondents mentioned the re-allocation of state transportation bonds in 2006. For example, a city council member from Los Angeles, after running through some of the other political difficulties associated with congestion pricing, said:

I think also there is a skepticism, which I share, that the state legislature, who would be responsible for what those dollars would be used for, not us, will use it for their own purposes, like they did this last transportation bond.

A mayor from a small city:

I've been dragged into supporting too many things over the years where the promise was that the money was going to go for this and it turns out that it was for some other need.

A transportation director:

We have state legislators that sell you one thing and have people vote for bonds, and then take it to play budget games, where the bond funding is not going where the voters were told it would go. ... The bonds were sold. They were supported by a very broad-based group of people with the promise to the people of the state of California that that this was going to provide new money for new projects that would help ease these issues. And you know, it's not easy to get people to support bonds like that, yet overwhelmingly they did. What's the very first thing—six months later—that the legislature does? Now I'm on my soapbox. Here I go. They take from one pile, backfill another pile, with monies that were supposed to be for new projects but that will now be for existing projects. We're not making progress...

A council member from a small city, when asked about toll revenue being rebated to cities:

That's what we thought we were getting with the bond issue. Yeah, every city is guaranteed $400,000. And you know, we're ready to go. We have projects. We have roads that need to be fixed. We're ready to go. But you know, they're still up there in Sacramento chewing on it and trying to decide …

Another Los Angeles City Council Member:

People are fed up with being in their cars, but they don't trust politicians enough to give them their money ... For our governor and our legislature to take $1.5 billion that was targeted for transportation and use it to balance the budget is irresponsible leadership in Sacramento.
CONCLUSION

Political support for congestion pricing is a difficult proposition. We introduced credible commitment as a previously neglected problem with using toll revenue to overcome opposition. Regardless of the distribution of toll revenue, if the recipients do not expect to receive the money or benefits they are unlikely to support a risky policy. Using congestion pricing revenue to build support will only be effective if the uncertainty of future benefits is removed. While our research focused on local governments, these insights apply to revenue distributions that return money to drivers, transit agencies or any other actor. Credible commitment remains a substantial obstacle that cannot be easily overcome, though there is seemingly sufficient interest in congestion pricing that gaining support is possible.

The layered structure of transportation governance requires negotiation and compromise to implement new policies or finance mechanisms. As the successful instances of congestion pricing demonstrate, a small number of local governments pursuing a focused goal can overcome the political barriers to implementation. In areas where there are multiple governments with a stake in the policies it is not enough to overcome popular aversion to tolls. Institutional mistrust also needs to be overcome. The insights from institutional analysis are useful for better understanding of and crafting solutions to these institutional dilemmas.

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