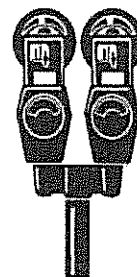


THE HIGH COST OF ROAD PRICING

By Richard Giles



There is an awful sickness in our society. It has nothing to do with parking for it is a sickness that impoverishes our lives materially, intellectually, and spiritually. The remedy is Georgism that stems from natural law, not from man-made and ad hoc solutions that are tried because we have no faith in pursuing Georgism itself.

Because it is the unnatural way to address the Land Question road pricing is a waste of human effort and resources. And that is strange for something advocated to save nature!

Like all taxes road pricing makes the community poorer and reduces land values, hardly what Georgism is about. Like all such waste it is totally unnecessary.

Road pricing gives neo-classical economists a way to obscure the Land Question; it lets government appear to know what it is doing; and it gives a pseudo-industry a chance to make a lot of money.

'The High Cost of Free Parking'

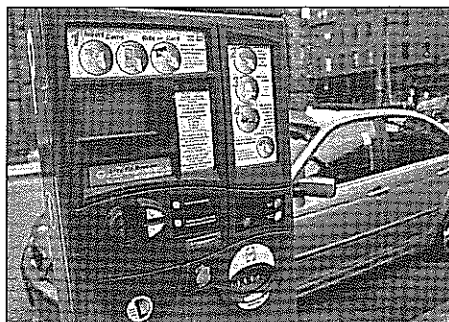
It is no accident that The High Cost of Free Parking was the key-note address to a conference sponsored by Wilson Parking and attended by those who make parking meters, those who sell them, those who promote them, and those who use them.

Theory and Practice in Old Pasadena

Since 1997 Professor Shoup has promoted the same three views about parking: (1) stop off-street parking (2) set a 'right price' for parking so that parking spaces are 85% filled and (3) increase parking fees. He cites Old Pasadena near Los Angeles as the evidence of where his ideas worked.

He says there was a lack of public investment there. Property owners and retailers opposed parking meters until an offer was made to invest all the parking fees into making the area more attractive. And that is what happened. Mr Poon suggests that these parking fees were a land tax.

Take a closer look and you see they were just the opposite of a land tax. For what persuaded property owners was the fact that these improvements were going to be paid for, not by any charge upon them in the form of a land tax, but by a user pays charge upon motorists.



What really happened? Far from stopping off-street parking government actually built several off-street parking stations and they were free! That doubtless appeased the retailers. Also, on-street parking comes uniformly at \$US1.25 an hour, hardly a price that Professor Shoup would call a 'right price'. There was no effort at all to introduce a 'right price'. In Sydney the professor called for \$40 p.h..SMH (7/11).

So what we are left with is that Old Pasadena was revitalised by parking fees.¹ When we know that

¹ To the historian of the recent past of Old Pasadena its revitalisation was not a sudden one-off event caused by parking fees but a gradual and complex one. Parking fees arrived in 1993, some years after it all started.

Old Pasadena is an area of 21 blocks that needed a lot of improvement and maintenance we must wonder how just over \$US1 m. annually in parking fees could do the job!

Stop Off-Street Parking

The first thing to happen if off-street parking were abolished is that more cars would need to park in the street. That would mean an urgent call for more parking meters, and more revenue to local government and to the industry that provides them. True, in many cities speculators hold land out of use as parking lots. Parking fees do nothing to stop this but land tax does.

Set the 'Right Price'

But what of a 'right price' - a price set so that one or two parking spaces are always there when you want them? That sounds marvellous. Has the idea been tried? Not yet.

What is the 'right price'? The professor can only say that he will know it when he sees it. Think. The only constant among a sea of variables is that 85% of parking spaces will be filled. Doesn't that mean a multiplicity of confusing 'right prices'?

Pricing or Partitioning?

Those who promote pricing say little or nothing about partitioning of time and space and yet that is really what controls parking.

The Pea and Thimble Trick

It is a bit like the pea and thimble trick. By some deft flourishes our attention is diverted while the real action is going on somewhere else. All one hears is that the only way to manage traffic and reduce congestion and pollution is

by pricing. If 'free parking' is mentioned at all it is somehow always "uncontrolled parking" where people do what they like, where someone "monopolises a parking spot all day"; in fact, "a planning disaster of Soviet-era magnitude". But is it?

While the attention-grabbing razzle-dazzle of pricing goes on you fail to see that it is the humble partitioning of time and space that is doing the job. On practically every street it is rationing space. If you doubt it go and look. Partitioning works. Unfortunately, it does not make much money.

Partitioning does not need pricing but pricing needs partitioning. Merely putting prices on parking spaces without any limits will allow someone to monopolise a parking spot all day. Partitioning by time or use limits preserves our equal right of access to land, the most basic principle of Georgism. Pricing does not. It sets a condition on access. It excludes those who cannot pay the price. It privatises. Together with all the other fees and charges for common services it is perfect for a class-ridden and elitist society.

"Partitioning by time or use limits preserves our equal right of access to land, the most basic principle of Georgism. Pricing does not. It sets a condition on access. It excludes those who cannot pay the price. It privatises."

The issue really is not getting the 'right price' but the getting the right partitioning of time and space. This is where councils today fail and fail badly. And it is where the trouble was in Old Pasadena. The roads belong to no one. Freedom of movement there is essential. That requires that they be administered so that equal rights are preserved in their use. Partitioning does that.

The Tragedy of the Commons

This same pea and thimble trick lies behind the whole movement to price and thus privatise the commons: those common spaces and common services which we have need to use and thus to which, morally, we all have an equal right of access.

It started in 1968 with Garrett Hardin's The Tragedy of the Commons. Let me quote Wikipedia: "The tragedy of the commons is a dilemma arising from the situation in which multiple individuals, acting independently, and solely and rationally consulting their own self-interest, will ultimately deplete a shared limited resource ..."

What Hardin neglected to point out was that he was entirely ignoring the history of the commons. The commons

in England had been strictly administered (by partitioning) for a thousand years. What had caused the degradation of the commons had been its privatisation (enclosure) over centuries. By denying commoners their rights, enclosure had concentrated them on the few remaining commons leading to congestion and a breakdown in their administration. In fact, the 1833 pamphlet Hardin drew on was an argument for continuing to enclose common land!

To repeat: our roads are common land. Georgists have always defended common land. Why do some Georgists want to privatise our last remaining commons?

We park for a multiplicity of purposes, sometimes for a few seconds, sometimes for some hours. Rules have evolved over the years to allow us to do this.

Unfortunately some who want to preserve the environment are making it worse by opposing the provision of more common services and introducing measures that actually prevent the optimal use of roads.



Increase the Price of Parking

With Proposition 13 in California it is no surprise that local government in San Francisco is now impressed by Professor's Shoup's ideas. In 2009 it began to install parking meters that accept pretty well any form of money. This was touted as more convenient - wouldn't it be more convenient not to pay at all?

There is only one machine for every ten parking spaces. One woman, frustrated by their complexities, punched the machine. She hit the "maximum" button and \$US12 was immediately debited to her account! There are now fines for not paying to park. Is this convenient?

While the SF Chronicle announced a "parking revolution" and Professor Shoup called it "a world-wide precedent" Chronicle readers were sceptical. There were 282 comments, most critical. One said that under the guise of saving the environment they were there to collect more money. Another feared they would divert parking to neighbourhood streets; another demanded a referendum to outlaw all parking meters! But could ordinary people know more than Professor Shoup?

The Emperor's New Clothes.

'Spin' can always 'make the worse appear the better reason'. In Wollongong ordinary people were not taken in. When Council introduced parking fees motorists voted with their wheels. They went elsewhere to shop, showing that the deep suspicion retailers have about parking fees has some foundation. The council twice reduced the parking fees but public anger remained.

Here we see what parking fees can do. They interfere with economic activity, make it harder to shop and to do business; they introduce new offences, they complicate a world that sorely needs to be made more simple and that could be made more simple by Georgism. They help landowners avoid land tax. They are taxes on ordinary people going about quite ordinary business. They reduce economic advantages and, thus, they must reduce economic rent. Their effect is to make the community poorer.

The effort to re-invent parking fees as rents merely divides the Georgist movement and diverts it from what it should be doing, resolving the basic problem of private property in land. The payment by landowners of economic rent to the community should allow common land and common services to remain as free and as convenient to use as possible. Why should Georgists make the world even more complicated and stressful than it already is?

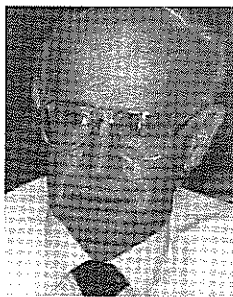
A Final Comment

In A Perplexed Philosopher (p.52) Henry George playfully quotes Herbert Spencer. Part of it reads "They have so great faith in 'the judicious mean' that... (w)ere you to inquire of them whether the earth turns on its axis from East to West, or from West to East, you might almost expect the reply - 'A little of both' or 'Not exactly either'".

That is the position of some Georgists on the question of road pricing. Asked about whether it should be used or not they say 'A little of both' or 'Not exactly either'. It is time to decide. The Georgist movement is too small and too important to become lost in a fantasy land of arbitrary charges masqueraded as rents.

We can conserve the environment. The way is already given us in the teaching of Henry George. I hope in a future issue to explain what it is.

Richard Giles is secretary of the Association for Good Government, New South Wales and editor of its journal. He teaches Georgist classes. He recently resigned as a trustee of the Henry George Foundation of Australia.



See www.cooperativeindividualism.org/giles_georgist_strategy.html

Revolt over parking sting

TENS of thousands of drivers stung with hefty shopping centre carpark fees are being urged to push for a mass claim for compensation.

The Australian Competition and Consumer Commission will be approached to consider a class action against companies slugging motorists up to \$88 for failing to display tickets on dashboards or overstaying at supermarkets, local shopping centres and major stores.

The Herald Sun has learned private carpark operators pursuing debts have chased details of more than 110,000 motorists through VicRoads since January last year. Victoria's Consumer Action Law Centre wants a big test case mounted against the size of the charges after a deluge of complaints.

Policy officer Nicole Rich said the carpark fees were ridiculous. "We believe these charges are excessive and unfair," she said. She said some drivers were booked as they walked to or from ticket machines. Others were confused they had to display tickets despite free parking for the first few hours at some sites, or didn't see signs.

Operators that issue demands for payment of "liquidated damages for breach of contract" include Australian National Car Parks, Care Park and Parking Infringements Victoria. They say the payment notices recoup operating, processing and legal costs, and can be waived if drivers have a genuine excuse for breaking terms and conditions. Motorists are usually ordered to pay \$66 within a fortnight, or \$88 plus legal costs after that. Companies seek court orders to get driver details from VicRoads.

The ACCC will have new powers to launch class actions on behalf of consumers cheated through unfair contract terms from July 1.

Herald Sun, 2 June, 2010.