

## **Price the Roads to Ease Congestion**

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We are on the cusp of a transportation revolution in our cities. Traffic congestion is reaching intolerable levels and the people who suffer through it every day have pushed gridlock to the forefront of the political agenda. At the same time, new and disruptive technologies are emerging — responding to demand, and challenging traditional views about transportation.

How do we best address the problem of congestion in our cities? And how do we harness the potential of new technology to serve not only the cause of individual commuters, but urban mobility overall?

The status quo is unacceptable. There are 1.5 million more cars on the road today than five years ago, and that number is trending up. Our urban areas are expanding rapidly, outpacing the growth of American cities. And 71 per cent of Canadians living in our largest cities say it is already too hard to get around.

Traffic congestion is not just about time wasted behind the wheel. Lost productivity from congestion costs billions of dollars each year. Who pays for the extra time that products spend on trucks while stuck in traffic? Consumers do. Add to that the health costs of congestion-related air pollution, amounting to as much as \$7 billion every year. There are many significant costs — economic, social, and environmental — associated with traffic congestion.

Governments usually respond to these concerns by focusing on providing more transportation capacity. More and bigger roads and expanded public transit are the go-to solutions. If we just spend more money, and build more infrastructure, the thinking goes, we can ease traffic congestion. But this doesn't work, for two main reasons.

First, new road, subway or light rail infrastructure is expensive and the time horizon for getting these things funded and built is usually completely unrealistic.

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Second, even if we could build new capacity quickly and cheaply, an economic principle called "latent demand" means traffic congestion would quickly return to its previous, frustrating level. Some people already avoid driving because of congestion. Building more roads that temporarily reduce traffic congestion simply encourages them to get back behind the wheel.

In response to this frustration, advances in smartphone technology, ride-sharing and carpooling apps — such as Uber, RideCo, and Blacride — are trying to meet consumer demand for more convenient and less-expensive transit options.

Simultaneously, the driverless car is crossing the threshold from sci-fi to the next big thing, evoking all sorts of possibilities from the end of downtown parking lots to the elimination of fender-bender delays.

If governments can't meet the demand for transportation quickly or cheaply enough, the market will. However, these new transportation options are primarily designed to provide choice and convenience, not to reduce traffic congestion, so we should not assume they will do so. They don't address the fundamental problem that consumers "over-use" road space because its use is free.

We will not solve the problem of traffic congestion without changing the incentives that drivers face every day. This is where congestion pricing comes in, the missing piece in our urban mobility puzzle.

Congestion isn't just about cars and driving. It's about where people choose to drive and when. Pricing works by attaching a fee to driving in traffic hot spots at peak times. People who can avoid that fee by exercising other options will — whether that means using a different route, a carpooling app, taking public transit, or shifting their driving time. Those who do not have this flexibility stay on the road and pay a small fee — but in return they get a faster and easier commute. The money generated from congestion pricing could be used to invest in road maintenance and public transit, or to lower existing taxes to compensate.

Congestion pricing is the best way to harness the power of the market to make our expensive transit and infrastructure investments more effective. It's also critical for shaping the landscape of emerging technologies so that they become part of the overall solution, rather than simply adding to the problem.

The future of transportation will not look like the past and the way people move in our cities is already changing rapidly. Winning the transportation revolution is all about improving mobility. Pricing congestion is our secret weapon. It's time to put it to the test.

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