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**TITLE: Economic road map failure**

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## **Redirecting road-building funds to other areas such as public transport and health is a neglected topic in contemporary Australia.**

Economics is often called the dismal science. The accusation was justly made after Thomas Malthus predicted that "misery and vice" were the only check on world population growth. Of course these days many economists argue the exact opposite and suggest that population growth is essential for community wellbeing, but despite the U-turn the dismal tag stuck.

These days, economists maintain the role of fun police by pointing out to people that there aren't any free lunches. We use the term "opportunity cost" to describe the fact that whenever "scarce resources", such as land, minerals, water, food or money, are used for one purpose they cannot be used for another.

Except, of course, when it comes to building roads. In this country, we seem to assume the billions we spend on roads each year most certainly could not be spent on hospitals or schools. The money could not be spent tackling climate change and it most certainly could not be spent on public transport. While the economics textbooks don't have this chapter in it, most politicians know that road funding is "different".

The other depressing thing that economists like to remind people of is that if you give things away for free people are likely to over use them. We charge people to use buses and taxis and that makes people stop and think about whether they want to make a trip. We don't charge people to use the roads and the result is obvious each morning.

It is easy to see why motorists feel aggrieved about road funding, especially when they are crawling down Northbourne Avenue or along the Cotter Road of a morning. When they saw the ad for their car on television it was the only one on the road. It was zooming along with the driver smiling from ear to ear. Put simply, car companies sell freedom and governments deliver traffic.

There aren't many people on the road at 8.30 in the morning thumping their steering wheels and calling themselves idiots. There aren't many drivers who are self-

reflective enough to think of themselves as traffic slowing down other road users. Rather, they're more likely to express outrage that politicians can't do something as simple as build another road.

The process of road construction is, of course, the best advertisement for new roads there could possibly be. As thousands of people inch down the Gungahlin Drive Extension each morning they look longingly at the empty new lanes.

It is a rare driver who sees those new lanes and thinks that given the projected rate of population growth, freight growth and the lack of investment in public transport those enticing new lanes will soon be as congested as the one they are already in.

The illusion that the lane next to you is moving faster is nothing compared to the illusion that the next road we build will be the fast one. But politicians want votes, oppositions promise magic puddings and the road lobby turns our fantasies into their profits.

The best part about this whole cycle, for the road lobby at least, is that everyone admits that it can't keep going for ever. No one thinks that all of California's freeways have solved congestion and no one believes that our cities will be liveable, or even viable, when we simultaneously try to make room for 35 million people and all the roads they will need.

Advocates of building more roads are too smart to say they can solve our long-run problems, they simply argue that we need one more quick fix, and then another, and then another.

The road lobby strategy for maintaining our addiction to incremental and ineffective road building is brilliant in its simplicity. Having agreed that such an approach is unsustainable in the long run they then propose that we fund future expansion in roads by subsidising them to build tollways.

As we have seen recently in the ACT, politicians don't like telling a minority of aggrieved motorists that they are unlucky enough to live on the route that gets a tollway. It wouldn't be fair, we are told, for some people to pay a toll to get to work while others do not.

The problem again is the free lunch. By letting people pay nothing to use a congested road at 8.30am we do nothing to either reduce demand for roads or collect revenue to increase their supply. Perversely, we refuse to invest in alternative forms of transport on the basis that they are too expensive and that people aren't willing to pay the full cost of using such services.

Just why a bus or light-rail ticket purchased by an ACT taxpayer should cover the cost of construction, operation and maintenance but the cost of a road trip should not is left unsaid.

The trick is to encourage motorists to believe that their petrol taxes and registration fees more than cover all of the costs of building, maintaining and policing the road network but this has been shown reportedly not to be the case.

The dismal fact is that every \$100million we spend on roads is \$100million we don't spend on hospitals, we don't spend on teachers and we don't spend on light rail. The

sensible question is not "would another road be nice" but "of all the things we could spend money on is a new road the best idea we can think of?"

And if we are going to build a new road, why shouldn't it be a toll road? Those who don't want to pay the toll can still use the existing roads and those who are willing can pay the full price of enjoying the dream that the car ads sell us.

Economists are wrong about many things but there is little doubt that we are right about the free lunch and we are right about the fact that if you don't charge people for using something they will use more of it.

Canberra has exported economic rationalism around the country yet the Parliamentary Triangle continues to enjoy free parking. And while the residents of western Sydney take tollways for granted we're certain they would be inappropriate here in the nation's capital.

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