



# The Automobile, Its Impacts, and the Role of Government

Joel Schwartz

Visiting Fellow

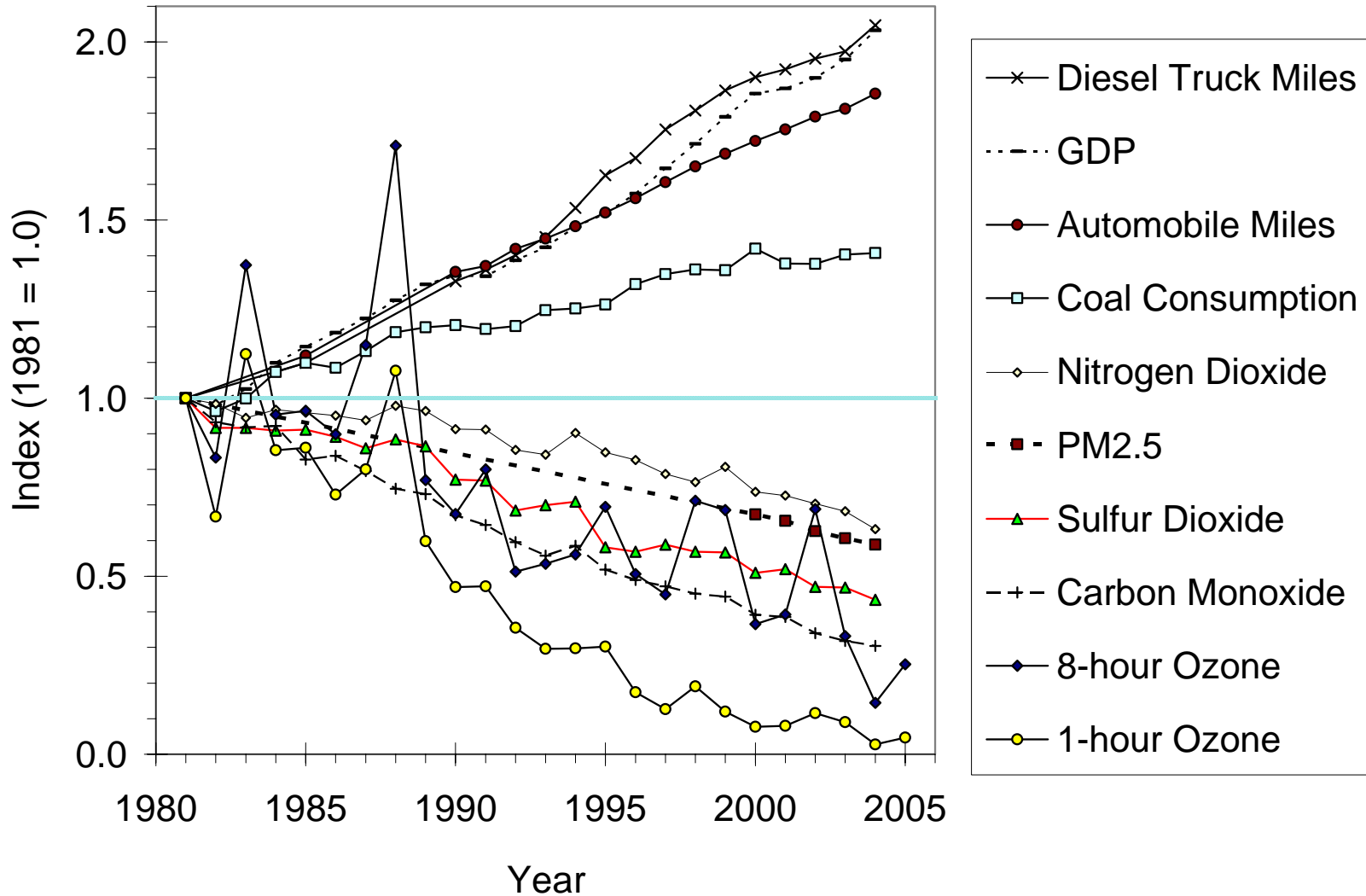
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# Air Quality Past: More Driving, Less Pollution

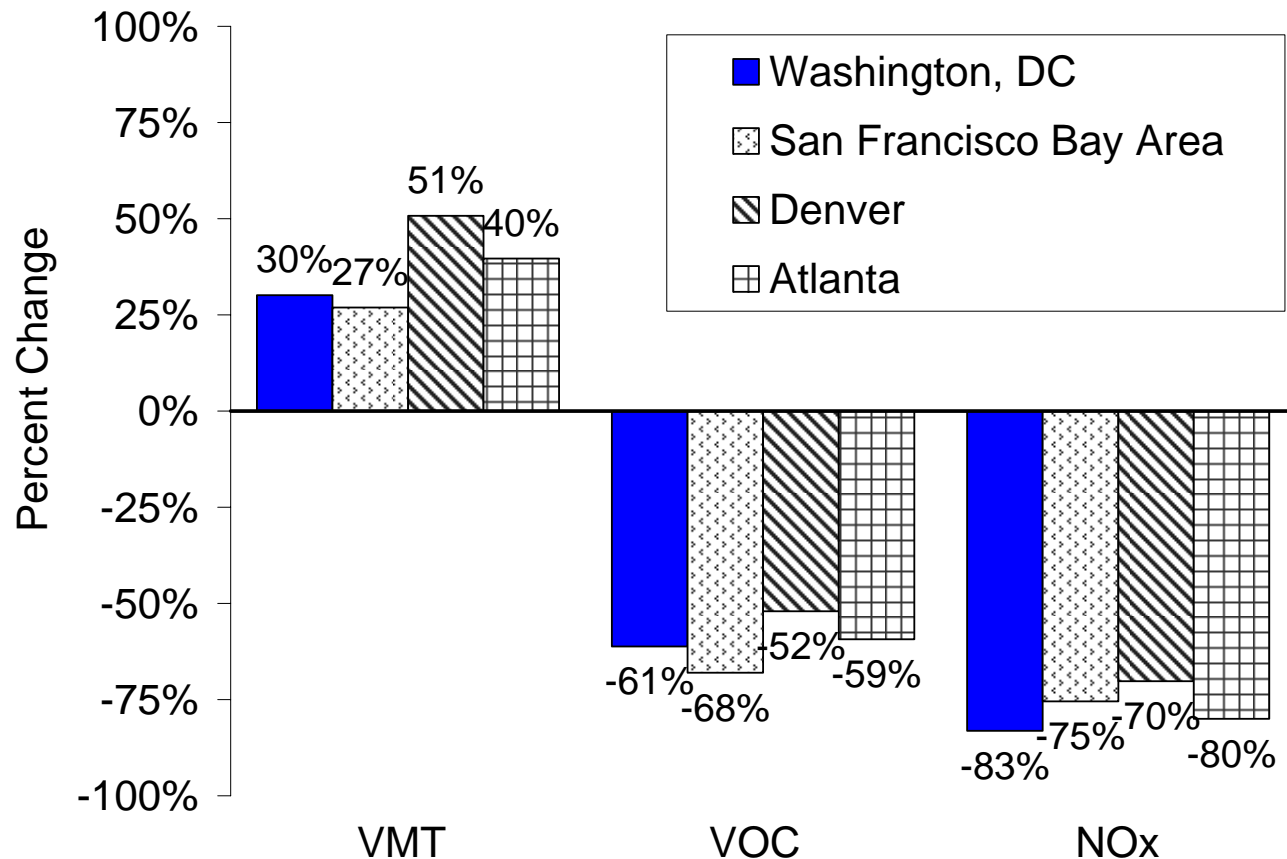


# Air Quality Future: More Driving, Less Pollution

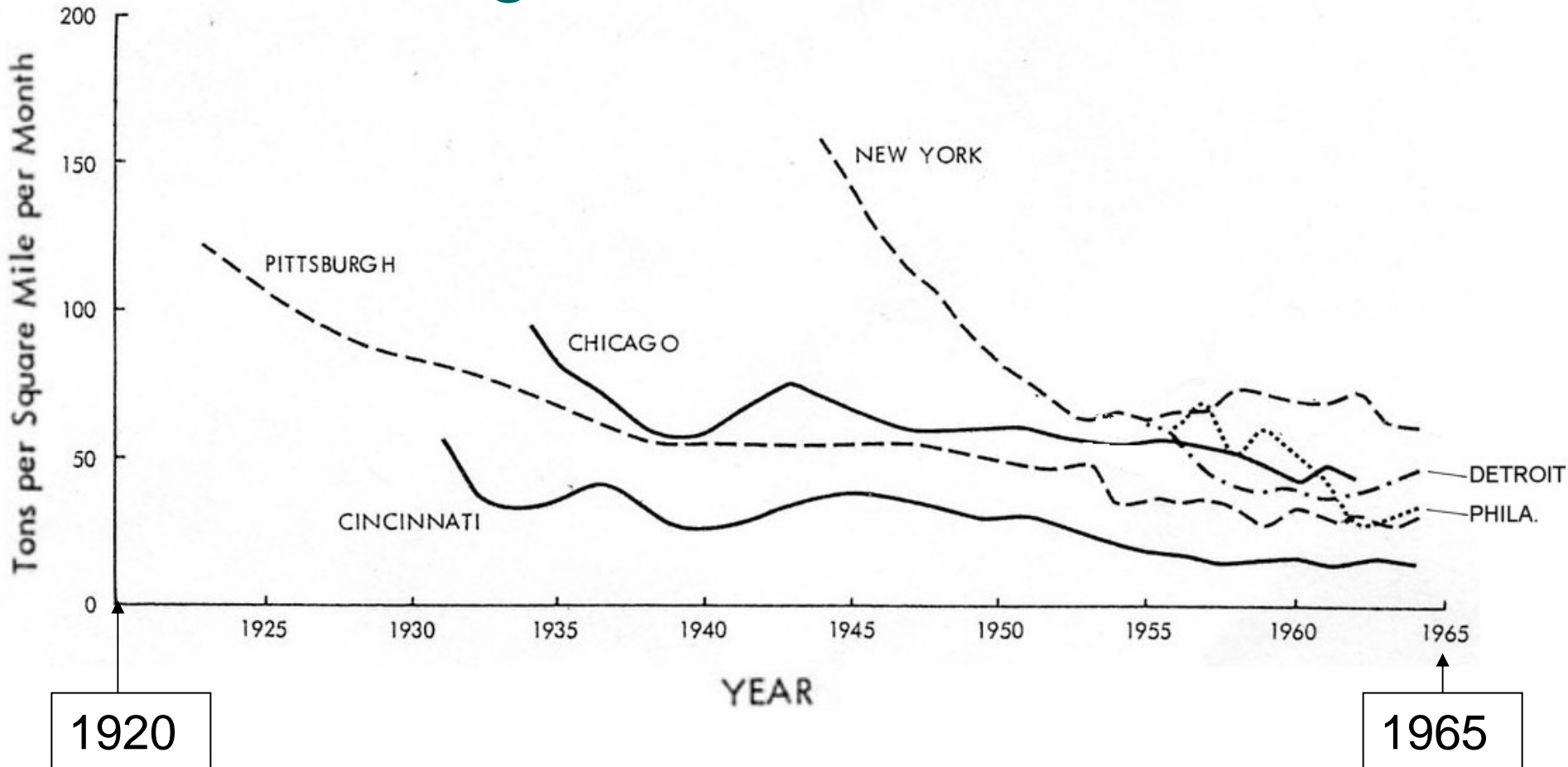
A clean little secret:  
 Even regulators and  
 planners predict  
 large pollution  
 declines despite  
 large increases in  
 VMT

Policymakers don't  
 publicize these  
 projections,  
 because they would  
 undermine anti-  
 automobile/anti-  
 suburb agenda

Metro Conformity Findings: % change in VMT and motor vehicle emissions, 2005-2025



# Pollution was declining before centralized federal air regulation

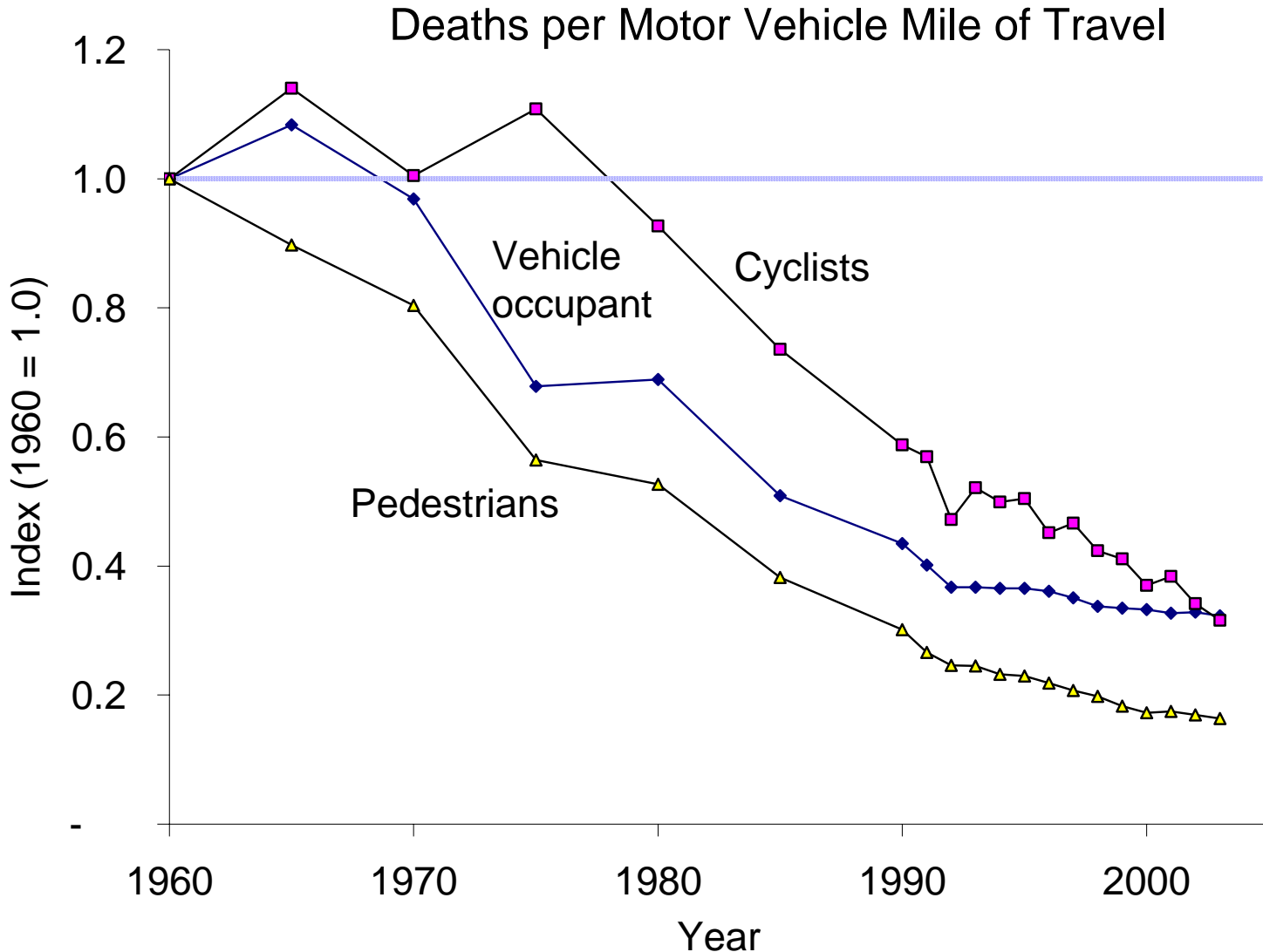


“dustfall” trends in American cities

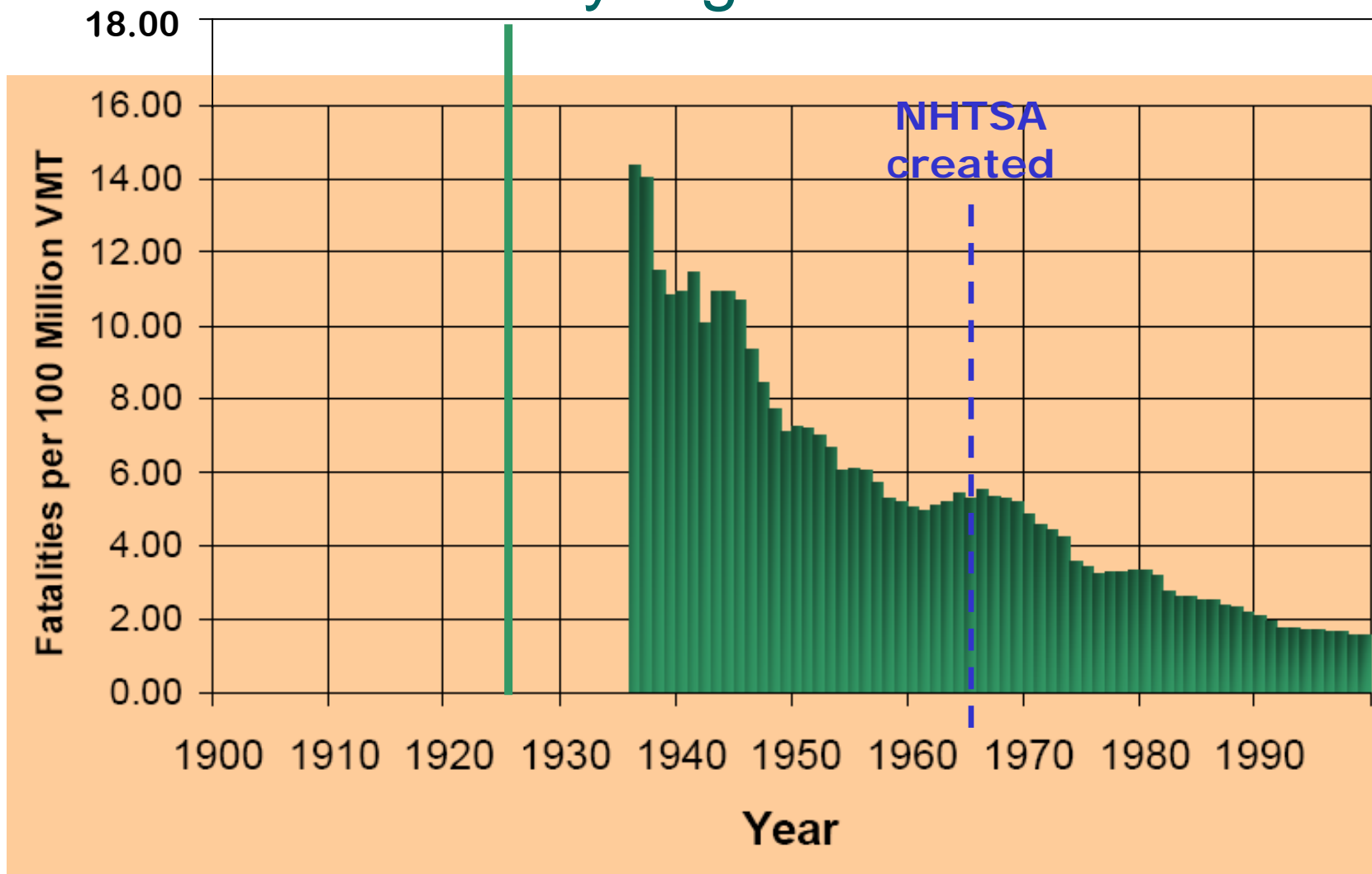
# Why did air pollution decline before nationalization of air quality policy?

- Market forces and technological advancement
  - Changeover from coal to gas and electricity for home heating and cooking
  - Long-distance electric transmission allowed power plants to be located far from cities
  - Changeover from steam to diesel
  - Realization that smoke meant wasted fuel
- Common law nuisance suits
  - People increasingly began to see air pollution as a “problem” as the 20<sup>th</sup> Century progressed
- Local and state government regulation
  - Began ramping up in the 1930s and 1940s

# More Driving, Less Risk



# Risks were dropping before centralized federal safety regulation



Sources: Griffin, 2006 (graph); Wattenberg, 2000 (1925 value)

# Why was driving getting safer before nationalization of road safety policy?

- Market forces and technological advancement
  - People were getting richer, raising demand for increased health and safety
  - Improvements in vehicle design
  - Advances in emergency medicine
- Improvements in driver training and skill
- Government's role
  - Progressive improvements in road design and policing

# More Driving, More Congestion

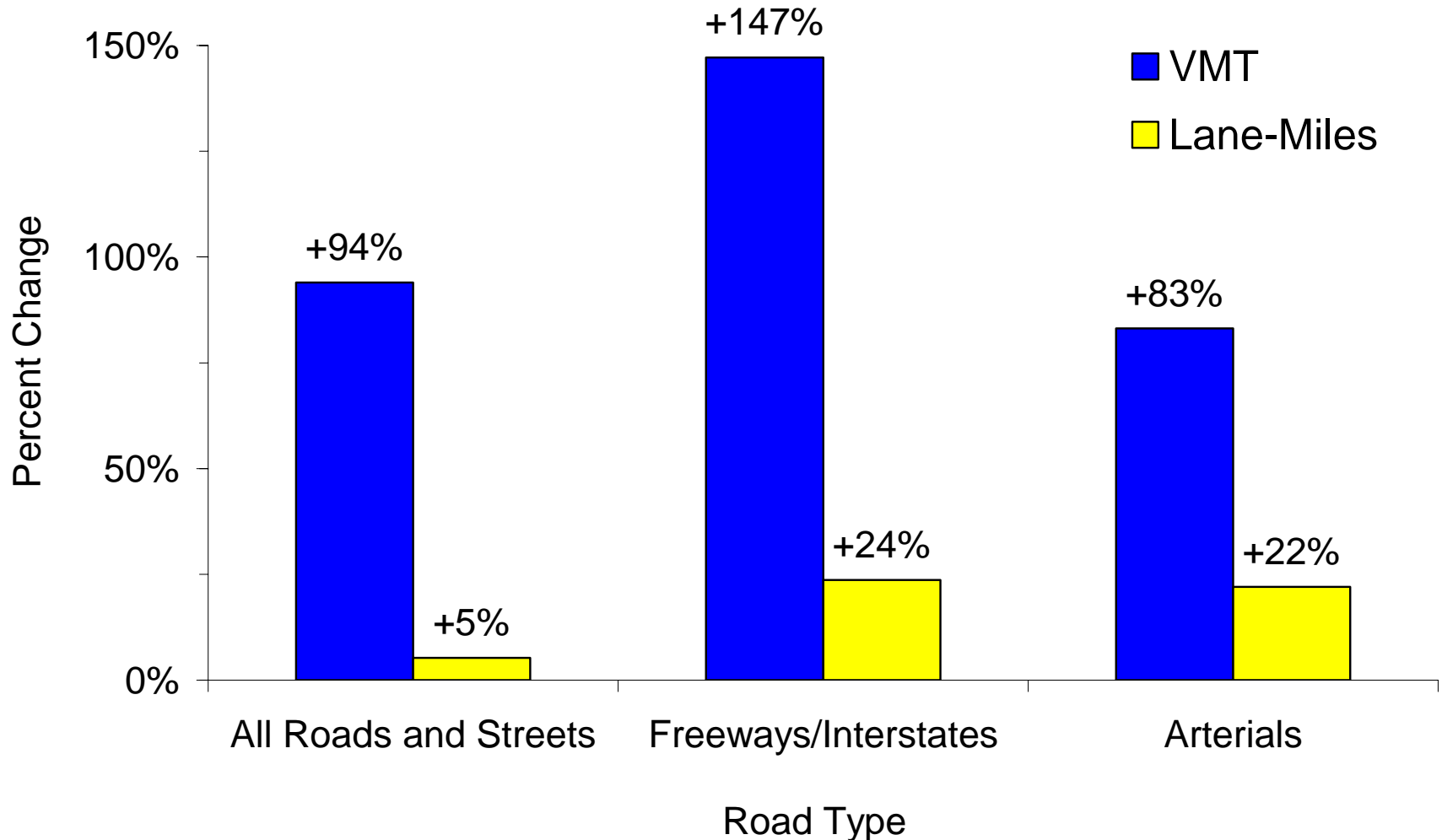
**Table 1: Trends and Forecasts of Travel Time Indices**

City Size	1982	1993	1995	2003	2030 Est.	Relative Increase in 'Delay' 2003 to 2030
Ave 3+ M	1.15	1.35	1.36	1.46	1.76	65%
Ave 1-3 M	1.08	1.18	1.21	1.28	1.53	89%
Ave 500K-1M	1.05	1.11	1.13	1.18	1.36	100%
Ave 250-500 K			1.04	1.06	1.15	150%
Ave 50-250 K			1.03	1.04	1.09	125%

Source: Hartgen & Fields, Building Roads to Reduce Traffic Congestion in America's Cities, Reason, 2006

# Road space has not kept pace with demand

Percent Change in VMT and Lane-Miles, 1980-2004



## Increasing congestion is partly the intentional result of government policy

- Federal air regulation discourages road capacity increases: The Clean Air Act Amendments of 1990 “arguably made air quality the premier objective of the nation’s surface transportation programs.” (Howitt & Altschuler, 1999)
- Some metro areas are expressly planning for increased congestion to discourage driving and encourage transit use
- Diversion of road user fees toward public transit

## Centralized control of policy wasn't necessary

- Opinion leaders portray air quality and road safety as problems that were getting worse until federal regulation saved the day.
- In fact, private choices and actions (market forces) along with relatively decentralized and localized government actions were achieving large reductions in air pollution and road deaths for decades before the federal government centralized control of policy.
- The rate of improvement was similar before and after nationalization.

## But centralized federal control has also caused great collateral damage

- Hijacking system to pursue other political agendas or for financial gain
- Large administrative costs
- Process focused, rather than results focused
- Favors unnecessarily expensive, ineffective, and/or counterproductive measures
- Creation of regulatory bureaucracies with incentives and interests at odds with Americans' welfare

## Hijack air laws to advance other agendas

- Ethanol takes money from motorists and puts it into pockets of powerful agribusinesses
- Transportation linkage is there to promote anti-suburb, anti-automobile policies (now called smart growth)
- New Source Review protects existing businesses from competition
- 1977 power plant scrubber requirement protected high-sulfur eastern coal businesses and workers at the expense of air quality

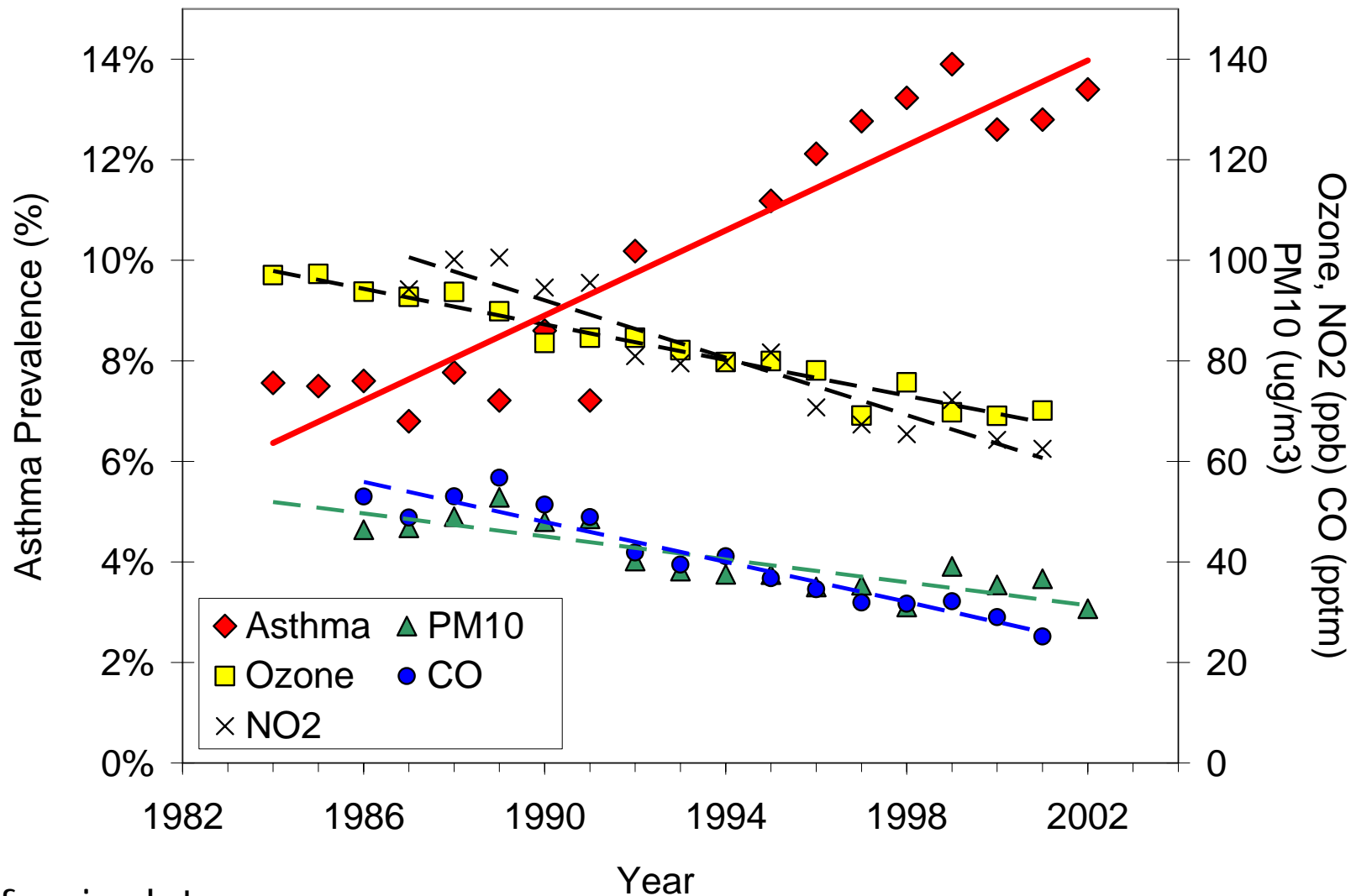
## Most expenditures induced by federal air law don't actually reduce air pollution

- Administrative costs: it's mostly about process—planning, reporting, permits, recordkeeping—rather than results
- Ineffective or counterproductive measures: vehicle inspections, New Source Review, ethanol in gasoline
- Preference for unnecessarily expensive measures: New Source Review, transit, scrubbers, command-and-control

## Creation of large federal and state bureaucracies dependent on the continued perception of a serious and urgent problem

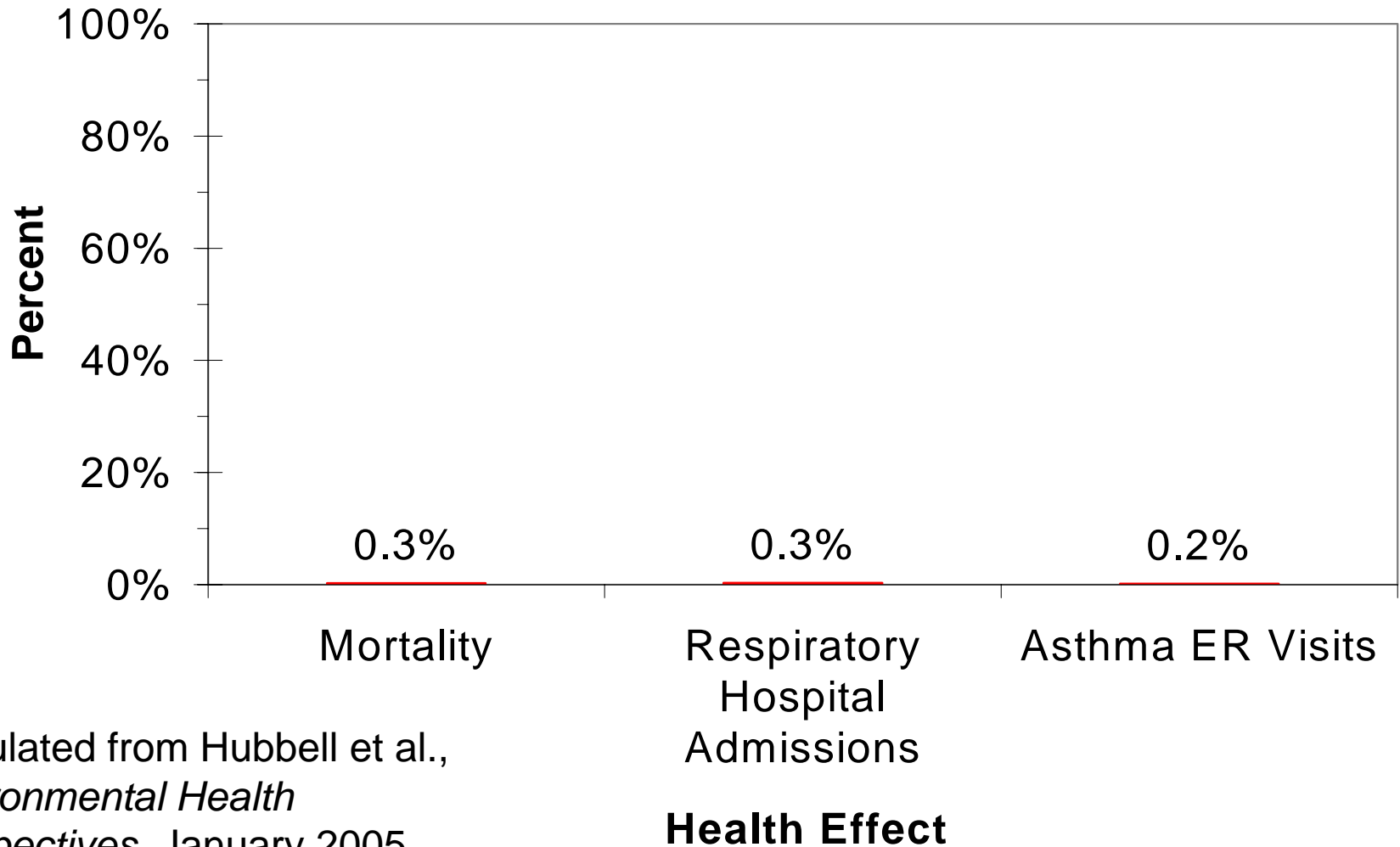
- Agencies give millions of taxpayer dollars to groups that create false impression of worsening air pollution and serious harm, and lobby for greater EPA powers
- Regulators are major funders of the health research that is used to justify continuation and expansion of their powers
- Regulatory agencies have large public relations machines that foment environmental health fears and create the impression that people would be at great risk without national control
- The result is increasing public fear of tiny or non-existent risks, and regulation that is increasingly expensive, but that delivers few or no health benefits

# Declining Air Pollution, Rising Asthma



# EPA predicts tiny benefits from reducing ozone

EPA's estimate of percent of acute health effects avoided by going from 2002 ozone to full national 8-hour ozone attainment



Calculated from Hubbell et al.,  
*Environmental Health Perspectives*, January 2005

## Federal and state environmental bureaucracies have missions and goals that are often at odds with the welfare of their constituents

- Air quality was the justification for the creation of regional planning agencies that exist largely to implement national anti-mobility, anti-suburb policies
- Keep people in a state of fear, whether warranted or not
- Central top-down control, standards and regulations that must be met regardless of costs, and near-plenary powers make air pollution regulation a one-size-fits-all affair that makes little or no use of local knowledge or local circumstances

# The risks of central planning

- It's not that government can't do anything right. Part of the improvement in the safety of driving was due to government agencies that built and policed roads and streets. Part of the improvement in air pollution was due to torts & local regulation.
- But before the federal takeover, government had mainly a complementary role to private action, and both private and public action evolved gradually, in a decentralized fashion, based on local knowledge and circumstances.
- In contrast, in the federal regulatory system, “government[’s] role becomes central, both jurisdictionally and operationally, and prescriptive, rather than complementary. The matter is deemed too important to leave to market forces or even to the lower levels of a federal system to figure out what might best suit their local circumstances. Rather a unified view of how best to promote the desired goal is articulated by the central government and then imposed on the market...It is the suddenness and comprehensiveness of the institutional change” that distinguishes centralized federal control. (Peltzman, 2004)

# Why are so few people aware of the problems wrought by central planning?

- What is seen and what is not seen
  - We see the actions of the regulatory agency. We don't see all the little evolutionary improvements wrought by market forces and incremental local government actions.
  - We see regulatory measures but we *assume* they are effective. We don't see their frequent ineffectiveness; we don't see the less expensive, more effective alternatives that weren't discussed or implemented.
  - We see the improvement in air quality, but we don't see how much we paid to achieve it. That cost is hidden in higher prices, lower wages, reduced choices.
  - And we certainly don't see what might have happened without federal control.
- Bureaucrats' conflicts of interest
  - EPA's powers are akin to a private business with the power to decide how much of its products people must buy, and audit its own books.
- We don't we know about what happened before regulation
  - It was a long time ago
  - Regulators/activists obscure/ignore evidence that undermines their agenda

# What would improve regulatory policy?

Pie in the sky changes that would make a difference

- Move environmental decisions down to the state and local level, except few cases that are truly interstate issues
  - No guarantee this will make things better. California is just a smaller version of the current federal system.
  - But at least there would be competition among jurisdictions. Under the centralized system, we're all stuck with EPA's harmful requirements.
  - And legislators making the rules would be closer to the people who have to comply with them
- Prevent delegation of lawmaking authority to administrative agencies. Require elected legislators to make the tough decisions and therefore be accountable for them.
  - Reduce legislators' incentive for growing the power of the state.
- Move back toward common law-based approach to environmental protection
  - Demonstrate real harm for standing to sue. Remove ability of third parties to exercise control over other people's lives and property. Remedies should redress harms, rather than impose penalties merely for violation of administrative requirements.

# Why is the situation so hard to change?

- The “natural progress of opulence” (Peltzman)
  - Regulatory state harms welfare, but doesn’t stop progress completely. “There was regulation, and there was progress. So why mess with it?”
  - The appearance that centralized federal regulation was and is *necessary* to deliver a clean environment, greater safety, etc.
- Organized interest groups protect and expand regulatory state, exaggerate its benefits, and hide its costs.
  - Legislators profit by legislating ideals and delegating the dirty work to administrative agencies
  - Regulators and activists protect and promote their powers, budgets
  - Businesses are divided and conquered. Their mission is profitability, not economic freedom, so they are unreliable allies of free marketeers.
- No organized interests to keep federal regulatory state in check and look out for consumers.
  - Average person is “rationally ignorant” of the situation
- Courts have steadily reduced private rights and legislative accountability, and increased government’s scope for interfering in private choices

# Contact information

Joel Schwartz

[joel@joelschwartz.com](mailto:joel@joelschwartz.com)

916.203.6309

[www.joelschwartz.com](http://www.joelschwartz.com)

[www.aei.org](http://www.aei.org)