

*Review of Urban Road Pricing: Public and Political Acceptability by Martin Whittles and Acceptability of Transport Pricing Strategies edited by Jens Schade and Bernhard Schlag*

As cities in industrialized economies continue to grow and prosper, they are inclined to encounter unpleasant side effects, such as increasing traffic congestion and declining environmental quality. European cities in particular, with their historically strong central districts, have encountered rather severe effects. Urban road pricing, long discussed in academic circles, has emerged as a real strategy for European cities, thanks in part to the support of research projects initiated by the European Union (EU). Despite these efforts, the aspect of public and political acceptability of road pricing policies has proven elusive and remains the single greatest barrier to implementation of pricing schemes. In two recent books, Urban Road Pricing: Public and Political Acceptability by Martin Whittles and Acceptability of Transport Pricing Strategies, edited by Jens Schade and Bernhard Schlag, new light is shed on this subject and the reasons behind rejection of pricing schemes by political leaders and the general public are examined in greater detail.

Whittles' work in researching the public and political acceptability of road pricing reflects the extensive efforts of his doctoral dissertation at the University of Leeds. In conducting background research on previous examples of implemented or proposed pricing schemes (e.g. Singapore, Hong Kong, Norwegian cities' toll rings, London, and proposals in Stockholm and the Randstad region of the Netherlands), Whittles came to the conclusion that there was no complete theory of acceptability of urban road pricing for practitioners to work from. Thus, he sets out to build a theory of acceptability using the sociological research method of "grounded theorizing". The emphasis of this research is on determining how individuals form arguments about road pricing, and extending this knowledge to design a pricing scheme that will prove acceptable to public and political leaders alike.

The development of Whittles' grounded theory is painstakingly detailed from the documentation of the selection of methodology to a thorough description the data collection process, then to the coding of the collected data, and finally in the analysis of arguments formed from a set of "strategies" that Whittles identifies as stemming from categories within the theory. The strategies are defined broadly as *direct-effect*, which relates to using road pricing to directly address objectives (e.g. efficiency, congestion reduction, environmental preservation) by reducing demand, *indirect-effect* which deal with by-products from road pricing schemes (such as raising revenue for provision of services), and *contribution* strategies which deal with equality of treatment in the payment for services, a consideration in designing the pricing structure of pricing schemes. Whittles describes sets of categories in the theory, which are combined to form the strategies observed in the face-to-face interviews that provide the data for the study. Thus, each strategy involves the use of one or more categories of the grounded theory. The three main categories are *utilitarianism* (encompassing efficiency concerns), *fairness* (encompassing concerns of provision of needs, payment for services, and equality of treatment), and *sincerity* on the part of planners and the driving public. All arguments

observed are classified on the basis of using the above categories to form one of the three strategies, consistent with the grounded theory.

Whittles tests his theory using data from a set of face-to-face, taped interviews conducted in the cities of Cambridge and Edinburgh, both of which have considered some type of pricing scheme. He argues that his theory is validated by the observed arguments and then sets out to design a pricing scheme consistent with the theory. The pricing scheme based on considerations of this theory of acceptability envisions using road pricing solely as a revenue-generating mechanism to fund roadway and public transit improvements, and to alleviate environmental problems associated with urban traffic. A distance or cordon charging scheme would be acceptable, with exemptions and discounts extended to 'essential' users and low-polluting vehicles. Charges could be differentiated by time of day, assuming that these charges coincide with traffic levels and consequent external costs. Revenue would be used exclusively in the area where the charges were incurred.

In the final sections of the book, Whittles compares his grounded theory and recommendations to the recommendations of other research on the acceptability of pricing in Britain and the U.S. and general economic theory. Then, in a postscript, the theory is validated using (then) recent observations of the performance of London's congestion charging scheme. Not surprisingly, Whittles finds evidence that the design of the London pricing scheme coincides with his theory of acceptability.

A few issues were raised by Whittles' research that were perhaps not adequately addressed in the book. First, there seems to be insufficient detail in Whittles' explanation of the "economic theory" of congestion pricing, as applied in the interviews and in general discussion in various chapters. Little attention is given to research into welfare impacts of pricing (which are fundamental to the design of pricing schemes and compensation measures) and externality theory, which in principle justifies pricing policies in the first place. Secondly, the acceptability theory is held up as an example of pricing policies that could be implemented in other European cities (and possibly the U.S.). Given that the data collected represent only cities in the UK and the arguments of various interest groups, there is some doubt that this theory could be generalized to apply to other places and people. Lastly, the acceptability theory assumes that revenue raised could only be used to support new transportation services in affected areas (such as public transit service improvements). Whittles does not identify what types of services would be effective in meeting the goals of reducing congestion and pollution, with the exception of vague references to park-and-ride schemes and bus service improvements.

While Whittles' book focuses on providing depth in developing a theory of acceptability of road pricing, Acceptability of Transport Pricing Strategies, edited by Jens Schade and Bernhard Schlag, provides complementary breadth in exploring public and political acceptability from a variety of viewpoints. Based on a series of papers presented at an MC-ICAM (Implementation of Marginal Cost Pricing in Transport – Integrated Conceptual and Applied Model Analysis) conference held in Dresden, Germany in May of 2002, this book provides an interdisciplinary look at acceptability issues drawing on political, economic, sociological, psychological, and institutional (transportation professional) perspectives.

The book is organized around four major sections: the acceptability problem, European research results, relevant determinants, and political acceptability. While an

alternative approach might have been to organize the chapters around the various perspectives they represent, the organization applied seems to emphasize the relevant facets of the ‘acceptability problem’ and to underscore the need for interdisciplinary research in finding solutions.

The various chapters of the book identify a number of reasons why pricing has not been openly embraced in Europe or other parts of the world. Problem perception itself is identified as a major issue that can slow or deter implementation of pricing. Chapters by Peter Jones and Jens Schade emphasize that the public must perceive that there is a sufficient problem (e.g. congestion or air quality) before strong solutions such as pricing can be accepted. Pricing is also not always seen as a fair way of dealing with transportation or environmental problems, as is described by Udo Kuckartz and Heiko Grunenberg. Somewhat ironically, taxes and regulatory measures are sometimes perceived as more fair. The objective of pricing schemes is also perceived as critically important, as demonstrated by Olaf Holzer. Perceptions of effectiveness, regardless of whether they are based on reality, are identified by Jones as important determinants of acceptability of pricing schemes. Oddly enough, his evidence seems to show an inverse relationship between acceptability of various congestion reduction measures and the effectiveness of such measures.

Other chapters of the book cast the issue of acceptability in terms of general frameworks relating to perceived equity and ability to meet the needs of various interests. A chapter by Bruno Frey offers ten reasons why pricing instruments are typically rejected, relating to four specific groups: the population at large, politicians, public officials, and interest groups. His proposed remedies for addressing acceptability problems rely on more direct and democratic forms of decision-making on transportation issues, including direct voter participation and the establishment of ‘democratic traffic districts’. Another interesting chapter by Charles Raux and Stephanie Souche develops a framework for acceptability based on principles of justice, as established by the work of John Rawls. The framework relates acceptability to the interaction of efficiency concerns with three dimensions of equity that must be satisfied: horizontal, vertical, and spatial equity.

Some of the book’s chapters offer variations on existing frameworks for understanding acceptability. Counter to more traditional notions of individual utility-maximizing behavior from economics, Heidi Ittner, Ralf Becker, and Elisabeth Kals argue that there are elements of altruistic behavior in individuals’ decisions about accepting pricing or other measures aimed at reducing environmental impacts. Another variation on the utility-maximizing theme is the chapter by Sittha Jaensirisak, Anthony May, and Mark Wardman, which argues convincingly that an individual’s utility may reflect both selfish *and* social objectives.

Both of the books reviewed here illustrate the complexity of the acceptability problem. It appears that achieving public and political acceptability will require more than tacit assurance by public officials and transportation professionals that individuals will be better off under the outcomes of road pricing schemes. There is a need to provide solid results of the effectiveness of pricing policies, which themselves must be appropriate for the problems being identified. The re-election of Ken Livingstone as mayor of London in July of 2004, following the implementation of a rather controversial road pricing scheme during his first term, provides some heartening evidence that the

public can be convinced that road pricing can be an acceptable strategy following implementation. However, as Martin Whittles shows, consistent with this theory of acceptability, there appear to be limitations as to the objectives that road pricing can currently justify. Pricing schemes are seen primarily as revenue-raising measures, as opposed to allocation mechanisms that can implement the principles of marginal cost pricing and reduce overall travel demand. Comparable examples are seen in the U.S., where pricing schemes have been limited to scarce examples of 'value pricing', where existing capacity on high-occupancy vehicle (HOV) lanes is sold to single-occupant vehicle drivers willing to pay a toll. Still, these examples of pricing schemes can be seen as steps toward the inevitable adoption of more intensive pricing measures, as congestion and environmental problems continue to worsen and new revenue for transportation improvements becomes steadily harder to come by.

--Michael Iacono