

Capitalism Au Naturel

By Robert Bernstein – Reprinted from the Independent – May 4, 2000

Drug pushers have known the trick for years: Hook people with low prices, then raise the price when they are hooked.

This is exactly what has been done to the American people with automobile dependency. For the past two decades oil prices have fallen to the lowest levels in history, accounting for inflation. Only recently have we seen prices start to rise back to more typical inflation-adjusted levels.

This has resulted in a parade of pandering politicians pretending to care about working people and calling for a reduction in fuel taxes. As explained below, current fuel taxes are already far smaller than what is needed to pay the true costs of driving.

Judging by letters to the editor saying that rising fuel prices will encourage much-needed conservation, the people are not so short-sighted as these politicians.

Let's look at what working Americans have been given when it comes to forced automobile dependency. Total costs are a dollar a mile for driving. Most of that dollar per mile is in fixed costs that you must pay even if you refrain from driving.

Average driving speed over all conditions is about 25MPH. If you earn \$15 per hour, your average speed is a brisk 9MPH if you include the time needed to earn the money for driving. Worse than the speed is the amount of your life you spend involved in driving or earning the money for driving: 1,300 hours per year. This comes from the automobile-oriented sprawling land use which forces you to drive for every little thing.

I don't know too many people who would jump at such an offer when presented this way. Yet, this mode -- the automobile -- is the dominant transport

mode in this country.

Did Americans freely choose this mode? Not if you include the external costs and subsidies of motor vehicle use that make a free choice of transportation impossible. The playing field is not level for transportation modes.

These subsidies include "free" parking, land for highways, road construction and maintenance, uninsured medical and property costs of accidents, air, land and water pollution and associated health costs.

Working Americans are forced to pay these subsidies in everything from sales, income and property taxes to increased prices at the store. In Santa Barbara County we are forced to pay the additional Measure D sales tax to subsidize roads.

These subsidies and external costs total \$300 billion/year. This amounts to \$2,500 for

ILLUSTRATION BY LEILA STREBELLE



each motor vehicle per year. It would cost \$5 in additional taxes for every gallon of fuel sold to pay this bill.

And there is the cost of military intervention to secure the flow of oil. What is all of that military intervention for? Right now, 5,000 completely innocent Iraqis die each month (UNICEF figures) from our blockade. That is even more than die in auto accidents here!

Military intervention has kept the price of oil artificially low which has hurt the poor oil producing countries of the Third World. Many of these countries, like Mexico, have nationalized oil industries, which means that oil builds schools, hospitals and other public services. It is not like here where oil simply makes private corporations rich.

This artificially cheap oil has created an arms race on the American roads of ever-larger Selfish Useless Vehicles (SUVs) menacing everyone else. Most drivers I know are happy to see oil prices rise, just to stop any more of these ramming machines of death from being sold.

In 1995 the Gingrich Gang came in with their Contract on America, pledging "free market" solutions for everything, including transportation. Their plan: Slash the billion dollar line item for Amtrak subsidies, killing what little we have in this country for rail travel. They did not succeed, but they did raise awareness of the subsidies for motor vehicle use which are 300 times larger!

The "free market" cult has let out a genie they wish they never freed: The rise of "Natural Capitalism" which says that the free market must include the full true cost of goods, including all subsidies and externalized costs.

For example, when the U.S. wanted to encourage white

folks to spread west to drive out the red folks, a wide range of subsidies were created. People were offered mining, cattle grazing and logging rights at a tiny fraction of the true cost.

Now that the red folks are successfully out of the way, these subsidies are still there, making strip mining, beef and logging artificially profitable. In fact, one environmental group tried to take advantage of this situation and offered to buy up entire forests at the dollar a tree price the government offers logging companies. Guess what? They were refused; the law requires the trees to be cut!

Under natural capitalism, there would be an increased cost for resources ranging from trees and minerals to land used for waste disposal and freeways. Preaching conservation is meaningless and ineffective; charging true consumption costs is meaningful and effective in achieving efficient use of resources.

With the true cost of driving being paid, our land use and transportation choices would reflect the spectrum that the free market would really produce. Motor vehicle use would not go away, but it would occupy the recreational niche found in Europe where the true cost of \$5/gallon or more in taxes is paid at the fuel pump.

When driving costs are as high as they honestly should be, human-scaled community design again becomes desirable and practical. We would again have neighborhood schools, recreation and daycare which kids would walk and bike to on their own. We would have neighborhood markets and parks we could walk to. Increased transit ridership would support frequent service at modest cost. Crime would drop as people actually got out and about and knew what was going on in their neighborhood.

How do we get there? Immediately raise the fuel tax to \$5/gallon to cover the true costs of driving. At the same time, return that money to every adult American as a "transportation/access allowance" of \$2,500/year. Those who want to drive can do so and will pay the same total amount as they do now. But those who drive less will pocket that savings up to \$2,500/year. They will receive the reward they are currently denied for being kinder to the human and natural environment.

They can use it toward housing closer to work, save it for an early retirement or blow it on a vacation. The free market can work to protect the environment and to improve quality of life. But this can happen only if the true cost of resources is up front so that people are truly free to make informed choices.

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