Economic Crisis as Opportunity for Reform: The Transportation – Land Use – Environment Connection

WELCOME

WE BEGIN

AT 1:00 PM
Crises and Opportunities

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What a difference a year makes…

- October 2008
  - Recession
  - Depression?
  - Great Depression?
What a difference a year makes…

- October 2009
  - Easing panic…
  - Amid sobering reality

- Dow Jones exceeds 10,000, 1st time in a year

- Unemployment continues to rise
  - U.S. = 9.5%
  - California = 12.2%
An upside to meltdowns?

look

on the

bright side
Crisis as opportunity for reform
Crisis as opportunity for reform

- Change tends to be incremental and evolutionary in our distributed, risk-averse democracy
- Significant policy shifts tend not to occur out of careful deliberation in good times…
- But out of a sense of urgency during crises
Crisis as opportunity for reform

• Thus crises present significant opportunity to effect fundamental change…
• But significant risk as well
• Because once in place, major policy changes are hard to later amend or repeal
Crisis as opportunity for reform

• So while these times present policymakers with significant opportunities for positive change
• It’s in our interest to get things right
Crisis as opportunity for reform

• It’s in our interest to get things right

• In the words UCLA’s John Wooden – the greatest basketball philosopher and coach of all time:

  Be quick, but don’t hurry
Challenges are both cyclical and systemic

- **Economic problems**
  - Panic in financial markets
  - Structure and regulation of those markets

- **Environmental problems**
  - Nature of human activities
  - Ever increasing scale of human activities
Challenges are both cyclical and systemic

- Public finance problems
  - Revenues down due to economic downturn
  - Budgetary processes encourage both delays and shortfalls
Challenges are both cyclical and systemic

- Budgetary processes encourage both delays and shortfalls

Nowhere more so than in California
The Lake Arrowhead angle...

- Our interests here are somewhat parochial
Transportation – Land Use – Environment

• **Transportation**
  – Key to the economy
  – Out of money
  – Central element of the stimulus
Transportation – Land Use – Environment

• **Transportation**
• **Land Use**
  – Also a key to the economy
  – Foreclosure crisis
  – Ongoing public finance challenges
Transportation – Land Use – Environment

• Transportation
• Land Use
• Environment
  – Local challenges remain, global challenges daunting
  – New regulatory regimes emerging
  – Increasing focus on “green” economy, jobs
An ambitious, important, and sweeping agenda...
What’s ahead?
Agenda: This Afternoon

• Waxing needs, waning revenues: Ongoing efforts to develop a sustainable system of transportation finance

  – Crisis and response: Lessons for today from a century-long struggle to develop a stable system of transportation finance
    • Martin Wachs, RAND Corporation

  – Waxing needs, waning revenues: Trends and prospects in federal, state, regional, and local surface transportation finance
    • Therese Watkins McMillan, Federal Transit Administration

  – Two major commissions, no major policy changes (yet): The prospects for fundamental changes to transportation finance in the Obama Administration
    • Steve Heminger, Metropolitan Transportation Commission
Agenda: This Evening

- Panel Discussion on Jobs versus the environment, or jobs and the environment? A roundtable on planning for green jobs in the new millennium
  - David Raney, American Honda Motor Company, Inc.
  - Dr. Mike Walter, Port of Long Beach
  - Daniel M. Cashdan, HFF Securities, L.P.
Agenda: *Tomorrow Morning*

- **Collision or cohesion? The challenge of integrating economic and environmental mandates**
  - *California’s climate action mandates: Opportunities and challenges to fundamentally integrate land use and transportation planning*
    - Gail Goldberg, City of Los Angeles
    - James Goldstene, California Air Resources Board
    - Barry Wallerstein, South Coast Air Quality Management District
    - Jim Wunderman, Bay Area Council
Agenda: Tomorrow, Late Morning

• Defining, Measuring, and Evaluating Performance
  – You can’t achieve what you can’t measure: Developing clear measures of transportation objectives
    • JayEtta Z. Hecker, Bipartisan Policy Center
  – Incorporating environment and equity into evaluations of land use/transportation systems
    • Kara M. Kockelman, University of Texas at Austin
  – Efforts to develop a comprehensive transportation performance measurement system: Regional blueprint and cross-sector performance metrics
    • Trish Kelly, California Center for Regional Leadership (CCRL)
Agenda: *Tomorrow Afternoon*

- **The rocky road to infrastructure finance reform: Pitfalls and prospects**
  - *The starting point for reform: Bribes, subsidies, or personal accountability for the costs we inflict?*
    - Norm King
  - *Taxes, Pricing, Borrowing, or PPPs: Evaluating the options for financing future needs in transportation*
    - Emil H. Frankel, BiPartisan Policy Center
  - *Attitudes toward alternative (including “green”) methods of transportation finance: What do voters think?*
    - Jennifer Dill, Portland State University
  - *Politically effective approaches to pricing transportation: Seizing opportunities to both raise revenues and increase efficiency*
    - Donald Shoup, UCLA
Agenda:  *Tomorrow Evening*

- The elephant in the room: Reforming governance in California
  - *Do voters really mean what they say? Attitudes toward institutional reform in California*
    - David Metz, Maslin, Maullin & Associates
  - *Reforming California government*
    - James P. Mayer, California Forward
  - *Reforming public finance in California*
    - Richard G. Little, University of Southern California
  - *Discussion*
    - Mike Feuer, California Assembly
Agenda: Tuesday Morning

• Turning crisis and mandates into opportunities for action
  – Environmental streamlining – Balancing procedural efficiency with environmental protection
    • Lynn Terry, California Air Resources Board
  – Efforts to mainstream regional planning among local governments: Moving from scenario planning into action and implementation
    • Harrison Rue, ICF International
Agenda: Closing Discussion

- Walking the talk: The most important next steps
  - José Luis Moscovich, San Francisco County Transportation Authority
  - Martin Wachs, RAND Corporation
Some parting, opening thoughts

• “Econs” versus “Humans”
Jobs, Jobs, Jobs

• Public officials
  – New transportation projects stimulate local economies
Jobs, Jobs, Jobs

Especially popular…

• Small cities and rural areas
  – New highways

• Larger cities
  – Rail transit
Jobs, Jobs, Jobs

• Each of the 3 post-Interstate surface transportation bills were prominently presented as jobs bills
So how does transportation affect the economy?

• A central focus of this session

• Depends on who you ask
  – *Econs*
  – *Humans*

• Our three speakers will consider both species
So how does transportation affect the economy?

• Two ways...
  – Transportation effects
  – Expenditure effects
So how does transportation affect the economy?

- **Transportation effects**
  - Make it easier and cheaper for people and firms to interact and transact with one another
    - Faster travel is good for the economy
    - As is travel that is more reliable, safer, cleaner, and cheaper
  - Secondary focus of the stimulus
So how does transportation affect the economy?

• Transportation effects

• Expenditure effects
  – The direct result of spending money (taxes, fares, etc.) on transportation
  – Multiplier – construction workers, bus drivers, lunch counter wait staff, real estate agents…
  – Primary focus of the stimulus
So how does transportation affect the economy?

• **Economists** say…
  – Public officials get it all wrong
  – Transportation effects are what **really** count
  – Expenditure effects are mostly wealth transfers (from other people, places, and times)
So how does transportation affect the economy?

• **Public Officials** say…
  – Economists have their heads in the clouds
  – Transportation effects are abstract and arcane
  – Money spent in *my* district to pay people to drive buses and fix roads is what really counts
I suspect that we have our share of *Econs, Humans,* and perhaps *Hybrids* here today
Agenda: *This session*

• The economic crisis: Public finance and links to transportation
  
  – *Global economy, local effects: The economic downturn and its effects on investment, employment, and revenues in California*  
    • Jon Haveman, Beacon Economics

  – *Just how do transportation systems affect the economy: Stimulus, or something more?*  
    • Marlon Boarnet, UC Irvine

  – *The Federal Stimulus: What have been the effects on transportation, the economy?*  
    • Earl Seaberg, Caltrans
Thank you

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