P = $ per mile plus inconvenience
(assumes inconvenience is class neutral
(theoretical and political reasons)
Economist Case

Tolled = Q2
Tolled off = Q2 - Q1

P = $ per mile plus inconvenience
(assumes inconvenience is class neutral
(theoretical and political reasons)
Toll too high (no congestion)

P = $ per mile plus inconvenience (assumes inconvenience is class neutral (theoretical and political reasons))

P with toll, no congestion

P with economist toll

Tolled = Q3
Tolled off = Q1 - Q3
Increment tolled off = Q2 - Q3
Note: Toll revenue KIGH is larger than Toll revenue ABCD but less than Toll revenue ABCD plus consumer surplus ILDC

Problem: Surplus FCE and LHC are not real because congestion destroys it

Note: Toll authority has temptation to “overtoll”

But assume “technology”, such as
- Transit or
- Larger aircraft or
- Off-peak discounted tolls and or

- Assume toll recovery helps to buy the “technology” transit expansion