

Diamonds, water and streetcars

The discussion regarding the possibility of an Ogden streetcar system has resurfaced in recent weeks. The fundamental issues are the same as those covered in prior conversations. What is the best route for the streetcar? Can the residents of Ogden and Weber County afford the cost of the streetcar line?

It was the belief that a streetcar system is unaffordable that caused city officials to suspend analysis of the streetcar, and it is the question of affordability that I wish to explore.

I think it may be useful to couch the question as a paradox. Since the 18th century, economists have approached many economic issues as an analysis of a paradox, and doing so has yielded important insights.

In his 1776 book, "An Inquiry into the Nature and Causes of the Wealth of Nations," Adam Smith pondered why certain items which are essential to life command little, or no, price in the marketplace while other products command astronomical prices. As others considered this question, it came to be known as the diamond-water paradox reflecting the fact that water, which is more far more essential than diamonds, commands a lower price. Economists pondered different dimensions of the diamond-water paradox for decades, and in doing so, developed the concepts of marginal utility and demand functions.

What is the paradox of Ogden's streetcar line? A hundred years ago, Ogden had a streetcar system. In fact, Ogden had two streetcar systems. One route consisted of 24 miles of track covering a significant portion of Ogden. A second route traveled up Ogden Canyon to Huntsville.

In the late 19th and early 20th centuries, residents found a way to pay for two different streetcar lines. If Ogden could afford two streetcar lines extending more than 30 miles a century ago, why can't Ogden afford one four-mile streetcar line today? This is a paradox worth pondering.

One possibility is that in inflation-adjusted terms, Ogden residents are poorer than they were 100 years ago. This

possibility is easy to reject. In inflation-adjusted dollars, today's per-capita incomes are more than 5 times greater than incomes at the turn of the century. Ogdenites have not become poorer.

Another possibility is that the cost of constructing and operating a streetcar has risen faster than wages. If this were true, it would be consistent with the belief that Ogden cannot afford a streetcar line.

Because I have not been able to find accurate cost data for the construction of Ogden's original streetcar line, I cannot conclusively prove that this is impossible.

Nonetheless, it is highly unlikely. It is hard to believe that workers using picks and shovels to make the grade for the rails were more efficient than modern construction equipment. It is highly unlikely that Ogden's original, horse-drawn streetcar was more cost-effective than an electrically-powered streetcar. In light of economic studies of similar industrial situations, it seems

almost certain that the cost of building a streetcar line today has not surpassed the rise in wages and incomes.

This means that from the standpoint of having the ability to pay, Ogdenites can certainly afford a streetcar system. It seems implausible to suggest otherwise. Yet, this does not mean that residents of Northern Utah would choose to pay for the streetcar.

I can afford to buy many things that I choose to do without. Mitt Romney, who can afford to buy almost anything he wants, chooses to drive around in old and battered automobiles. The ability to pay is not the same thing as the willingness to pay, and Ogdenites' willingness to pay for the streetcar is the key issue.

Are Ogdenites willing to pay the necessary cost of a streetcar system? The answer will require more analysis and conversation. For this reason, it was counterproductive to suspend analysis of the streetcar because of concerns regarding affordability. The only way to resolve the question of willingness to pay is through discussion and inquiry.

It is good that Ogden's City Council has reopened the conversation. The streetcar issue needs to be pursued rather than prematurely concluded.

Top of Utah Voices



Michael Vaughan is Weber State University's provost. He accepts e-mail from readers at mvaughan@Weber.edu

Michael Vaughan

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Commentary