

SHORT TAKES

TRANSPORTATION PLANNING

## Charlotte Tackles Transit and Land Use Together

**C**HARLOTTE, N.C. — The freedom and convenience of automobiles is tough to beat, especially in metropolitan areas where multiple commercial and residential centers are spread out over long distances. Mass transit can't serve these areas as efficiently because the population is too dispersed.

Charlotte is hoping to tackle this conundrum by simultaneously planning denser development and a regional transit system. Work

should begin this year on the first leg of the \$3 billion system, the most expensive transportation project in the works for North Carolina.

While sprawl will continue, the city's integrated transit and land-use plan will encourage the creation of traditional neighborhoods where home, work, and shopping are just a train or bus ride away. "[We want] to concentrate the majority of future growth in five major travel corridors; create mixed-use, pedestrian-friendly developments [along the corridors]; and construct a transit system to support them," describes Ronald Tober, chief executive of the Charlotte Area Transit System. "It will take time [but] it will be better from an environmental standpoint by keeping down the loss of trees and farmland, as well as keeping down vehicle miles traveled."

John Silvia was skeptical about this plan at first. Silvia, chief economist at Wachovia Corp., says Charlotte is fairly dense, but not as dense as other cities with transit systems like Chicago.

Now, he is more optimistic about the success of Charlotte's transit system because of its flexible implementation. In areas with sparser development, like the southeast corridor leading to suburban Matthews, rapid-transit buses will operate along roadways separated from traffic. In more developed areas, like the southern route to the town of Pineville, light rail with greater passenger capacity is planned.

Charlotte's approach is innovative, but will it relieve

congested highways? According to research by transportation consultant Wendell Cox, new rail routes tend to draw commuters away from bus lines, not out of their cars. Moreover, "Charlotte does not have a strong bus ridership base to feed light rail," Cox wrote in a recent report.

Also, can mass transit accelerate economic activity, or does the activity have to occur first? Silvia believes it can happen either way, but a train station or bus stop doesn't guarantee development of the surrounding area. He points to some stations in Chicago where little has changed and others that have become bustling centers of commerce. The key is having other elements in place to support growth, such as sufficient land for development.

Of course, the community must want more growth. Pineville was supposed to have a light-rail station serving its downtown, but local officials opposed it because of their concerns about traffic. A small town can get overwhelmed by people, notes Silvia.

—CHARLES GERENA

*The Charlotte Area Transit System will use a combination of rapid-transit buses, streetcars, and light-rail trains, depending on population density.*



MEASURING HAPPINESS

## How Happy Are You?

**E**conomists have entered the realm of happiness research, asking such questions as how do economic conditions and legal institutions affect people's perceptions of well-being? The results reveal a great deal about economic behavior, says Carol Graham, vice president and

director of the Governance Studies Program at the Brookings Institution. "Things like economic security, employment status, health, and marital status are much more important than the standard [economic] models assume," Graham notes.

In a book published on the subject in 2002, Graham and co-author Stefano Petrinato examine data from 17 Latin American countries and from Russia. Among other things, they find that relative income differences have important effects on how people assess their well-being, and that those people in the middle or lower middle of the income distribution are more likely to be dissatisfied than are the very poorest groups.

In a working paper called "Does Happiness Pay?" Graham and co-author Maria Fitzpatrick investigated panel data for 6,500 respondents in Russia from 1995 to 2000. The paper found that "static variables such as gender, stable marital status, and education levels are more likely to have effects on normal happiness levels, while changes in socioeconomic or marital status (particularly divorce) are more likely to cause fluctuations in happiness levels." What's more, happiness and positive expectations about the future correlated positively with higher future income, while low self-esteem and negative perceptions were linked to smaller increases in income.

In other happiness research, economists have found that in western indus-

trialized nations, average happiness hasn't kept pace with rising per capita incomes, so money may not buy happiness after all. For example, in the United States, per capita real income increased 2.5 times from 1946 to 1991, but happiness, on average, remained constant, according to established findings. The same thing happened in Japan, according to several scholars. In 1991, people in Japan made six times the amount of money they did in 1958, but average life satisfaction remained exactly the same as it did in 1958. So what gives? Economist Richard Easterlin of the University of Southern California published an article in the *Economic Journal* in 2001 that shows that as people earn more money, they want more money. Easterlin says he searches for patterns among the data. "For the population as a whole, the pursuit of income as a source of happiness is illusory," he says.

Investigations into happiness open "a whole new way of thinking about economic measures and progress, based on one of the oldest concepts in history," Graham says.

—BETTY JOYCE NASH

#### INDUSTRY CLUSTERS

### Bringing Biometrics to West Virginia

West Virginia has fostered its high-tech industry for years, especially in communities along a 35-mile stretch of Interstate 79 in the north central portion of the state. With the help of state

and federal officials, a growing number of scientists in the region are expanding the frontiers of biometrics, technologies that identify individuals by their physical and behavioral characteristics. What will it take to translate this research activity into commercial activity and jobs?

The global biometrics market was worth around \$119 million in 2000. Terrorism threats have accelerated efforts to control access to buildings and sensitive information, leading industry analysts to expect the market to finally take off. Until now, widespread adoption of biometrics technology — ranging from retinal scanners to voice verification systems — has been slow and the industry has remained fragmented.

Given the nature of the biometrics industry, companies will need compelling reasons to cluster in north central West Virginia. Economist Michael Hicks at Marshall University describes a few economic factors that generally lead to an agglomeration of industry.

First, a region could have attributes that make it cheaper to produce a particular product or service, such as easy access to human capital and technology. In the case of the biometrics industry, Hicks says that companies save money by locating where there are scientists and laborers who work with electronics.

The I-79 corridor has this human capital. The FBI's fingerprint database is headquartered in Clarksburg, the



*Biometric technologies like this hand reader identify individuals by their physical characteristics.*

Department of Defense's Biometrics Fusion Center is temporarily based in Bridgeport, and West Virginia University has developed a Center for Identification Technology Research in Morgantown. In addition, the university teaches biometrics as part of its forensic science program.

Second, Hicks says companies could be drawn to a region where many people need a particular product or service. While locating factories near such a customer base doesn't always save money, there are marketing advantages to having a sales or service office close by. "It's easier to give a call to a local guy," notes Hicks. Consequently, biometrics companies serving government agencies in the mid-Atlantic may establish a presence in the region.

Ralph Bean Jr., chairman of the I-79 Development Council, believes the region's good quality of life and its telecommunications infrastructure should attract biometrics firms. However, West Virginia needs more

venture capital to really get the industry off the ground.

So far, California-based Ethentica by Security First Corp. plans to move to Fairmont this year, and there are rumors of other companies considering a similar move. Nonetheless, an agglomeration of biometrics firms may be years away from forming in a state with a history of natural resources-based industry.

“Changing economic forces is like moving the Titanic,” says Hicks.

—CHARLES GERENA

#### BALTIMORE BOOSTS PAY FOR SOME WORKERS

### Living Wage Laws

**A**cross the country, roughly 90 communities have passed “living wage” laws. The measures require companies that do business with city or county governments to pay their workers more than the federal minimum wage of \$5.15 an hour. The exact amount varies, but the wage is supposed to be sufficient to support a family of four at a level above the federal poverty line, according to the Association of Community Organizations for Reform Now (ACORN). In some cases, the living wage has been set as high as \$12 an hour.

The living wage movement is generally acknowledged to have gotten its start in Baltimore. In 1994, the city passed a law requiring private companies with city contracts to pay their workers \$6.10 an hour. Over time, that figure has risen and now stands at \$8.49.

The law was controversial from the beginning. Many

people predicted that it would harm Baltimore’s already struggling economy and bust the city’s budget. Others argued that a living wage would reduce government spending on social-service programs aimed at helping the poor.

Eight years later, the law remains controversial. The Employment Policies Institute, for instance, claims that “contract costs did, indeed, rise rather than fall after the implementation of Baltimore’s living wage legislation.” But a report from the Economic Policy Institute (EPI) says that the law has helped “workers in Baltimore without significant financial cost to the city. Moreover, the evidence suggests that higher wages and hours improve the stability and reliability of the work force.” The EPI report concedes, though, that the living wage has aided only a small group of workers and that employer noncompliance remains a serious problem.

David Neumark, an economist at Michigan State University, has tried to reconcile such varying claims. In a nationwide study of living wage laws, Neumark argues that the measures have had modest success combating poverty. The reason: since coverage is limited to employees of city contractors, only a tiny fraction of low-income workers are affected. Instead, the major benefits have accrued to unionized municipal workers. By raising the wages that private firms have to pay, Neumark writes, “living wage laws may reduce the incentives for cities to

contract out work that otherwise would be done by municipal employees, hence increasing the bargaining power of municipal unions and leading to higher wages.”

According to ACORN, four other Fifth District communities — Alexandria, Va., Charlottesville, Va., Durham, N.C., and Montgomery County, Md. — have already passed living wage laws. Richmond, Va., is also considering doing so.

—AARON STEELMAN

#### TUITION COSTS CLIMB

### But Enrollment Is Still Up

**S**tate budget cuts have forced public colleges and universities to raise tuition. Nationally, tuition costs at public colleges increased almost 7 percent in the most recent year, up from roughly 3 to 4 percent in previous years.

State schools in the Fifth District likewise saw unprecedented tuition hikes. At West Virginia University (WVU), for instance, tuition increased by 9.5 percent from the 2001 to the 2002 academic year. Statewide budget cuts, which have hit higher education particularly hard, have forced “the school to recoup some [of the loss] by raising tuition,” says Bill Nevin, external communications manager at WVU.

“Yet last fall, the school enrolled 23,000, its highest enrollment in several years. And graduate enrollment increased by 1.8 percent.”

In January, the Board of Regents of the University System of Maryland approved a mid-year 5 percent tuition hike. “This is a cyclical pattern, it has happened before, it will happen again,” says Laura Perna, assistant professor of education policy at the University of Maryland, College Park. “The real danger is that these tuition increases are occurring at a time when families are facing a lot of other financial challenges brought on by layoffs and declines in their personal portfolios. Just like the states, families are finding they also have fewer financial resources.”

Despite the increases in tuition, enrollment figures at the Fifth District’s public universities continue to rise. Graduate enrollment, in particular, may be positively affected by the sluggish economy. The reason: unemployed workers having a hard time returning to the job market may decide to go to school to improve their skills.

—ELAINE MANDALERIS

*Tuition at West Virginia University increased by 9.5 percent from the 2001 to the 2002 academic year.*



MAT KINGSLEY/FEB RICHMOND