

# Can we afford the transport infrastructure we need, and how do we justify it?

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## Introduction

- Infrastructure needs updating
- Cost to maintain and create new capacity large
- Failure to invest may impact on competitiveness
- This affects capacity at all spatial scales
- Can public-private partnerships deliver?
- Should users pay more?
- Should public money be used to secure wider society benefits?

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## Infrastructure needs updating

- New and changing transport demands
  - Changing journey purposes
  - Increasing journey lengths
  - Communications technology and travel
- Changes in society
  - Increased dispersion of extended families
  - More long-distance (e.g. weekly) commuting
  - Double-earner households
- Changing patterns of consumption
  - Holiday and leisure travel
  - Shopping and the role of the internet
  - Telecommuting and residential dispersion

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## Cost of infrastructure

- Infrastructure is costly
  - Speed and infrastructure quality
  - Supply constraints
  - Dealing with environmental concerns
- Cost of maintaining existing infrastructure
  - Life-expired infrastructure
  - Construction quality, maintenance and service quality
- Cost of creating new capacity
- Any room for innovation?
- Problem of public sector restraint

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## Infrastructure and competitiveness

- Transport, accessibility and agglomeration
  - Effective density
  - Wages and prices
- Agglomeration and productivity
  - Clusters and costs
- Productivity and competitiveness
- Competitiveness and growth
  - Why cities and regions grow
  - Constraints on growth – congestion
- Cohesion problems
  - Core and periphery
  - The two-way road argument

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## What sort of capacity is needed?

- Commuting networks in major cities
  - Is rail best?
  - Providing connectivity
- National and international road and rail networks
  - Network duplication and connectivity
  - The problem of cross-border links
  - Jurisdictional competition
- Hub airports
  - Are they critical to economic performance?
  - Competition issues
- Regional airports
  - Should everyone have one?

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## Public-private partnerships

- What are public-private partnerships?
- What are the supposed benefits?
  - Lower costs
  - Earlier investment
  - Greater efficiency
- Can they deliver?
  - Cost savings
    - Costs of capital
    - Management efficiency
  - Shifting of risk
    - Contractual issues
    - Delivery issues

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## Should users pay more?

- What is a fair sharing of the burden?
  - Is good transport only for the traveller?
  - Why an address on the network is important
- Level playing fields for all modes
  - Marginal social cost rules
  - The road charging issue
- Reducing subsidies
  - Does privatisation solve the problem?
- Public service obligations
  - Mobility for whom?
  - Should equal accessibility be a policy goal?

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## Wider benefits

- Identifying the wider impacts of transport
  - Those beyond the direct user benefits and costs
  - Four elements:
    - Agglomeration Impacts
    - Output change in imperfectly competitive markets
    - Labour supply impacts
    - Move to more or less productive jobs
- Attribution to specific sectors or groups in the population
- Recouping by specific charges or taxes?

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## Some issues for debate

- Predicting future demand and infrastructure needs – do we have the tools?
- Who pays – is transport a public good?
- Does better transport provide better economic performance?
- Can we afford (not to have) better transport?
- Where should the priorities lie?

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