

Radical transport thinking sparks dispute

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Britain's key transport policymakers are embroiled in a heated dispute over how best to allocate limited resources in a debate that will shape Britain's future transport networks.

The dispute is particularly intense over the priority that should be given to construction of a dedicated high-speed rail network, which scores relatively poorly on traditional measures of value for money.

It could also play a role in deciding what priority the new Con-Lib government will give to road building. Some schemes score very well on traditional value-for-money measures but those who want to see a thorough revision of current methods tend to give roads lower priority.

The argument has pitched supporters of traditional cost-benefit analysis – where a potential scheme's total costs are weighed against its likely benefits – against those who believe the approach produces insufficiently radical thinking.

Cost-benefit sceptics believe the important point is to decide what kind of networks the UK needs to achieve its policy goals and to construct them, even if they score poorly under existing value measures.

Some of the sceptics' arguments were deployed in a [high-speed rail policy paper](#) in March, when Lord Adonis, Labour's former transport secretary, [stressed the need for new networks](#). The projects outlined in the paper had a relatively poor ratio of benefits to costs – only 2.4 to one – under conventional analytical techniques. But Lord Adonis said that the real benefit would be in the system's effect on the overall transport network.

The traditionalists tend to back an approach laid out in [the 2006 Eddington report](#) on the UK's transport system, which called for [small schemes to be favoured over larger, riskier ones](#) and for the priority to be relief of overcrowding on existing networks.

It remains unclear which way the government – whose transport secretary, Philip Hammond, is new to the brief – will lean.

Stephen Glaister, a transport economist and executive director of the pro-motoring RAC Foundation, said a process had been under way within the Department for Transport to undermine cost-benefit analysis.

"There's a politically driven wish to see these issues addressed in a much more broad and politically friendly way," Prof Glaister said. "The Eddington position was that investment should follow demand, not try to create it."

However, Dieter Helm, an Oxford University economist and leading sceptic of the traditional approach, says politicians have to make decisions about future transport needs. "If you take the view that we're basically going to phase out air travel between cities in Europe and replace it by something else, or... move to electric cars, then certain things follow," he says.

"Europeans work out what bits the system needs. We start with the bits and never think about the systems."

At the heart of the argument is the challenge of investing enough in transport systems to facilitate economic growth but not so much that the economy is burdened with the cost of unnecessarily elaborate infrastructure.

Prof Helm points as evidence of the current system's failings to the lengthy public inquiry into the building of Heathrow Airport's Terminal Five. In years of hearings, the appropriate questions about how the terminal would affect surrounding transport networks were never asked, he says.

On high-speed rail, the correct question is not whether to build a high-speed rail line from London to Birmingham but how the UK will travel in future, Prof Helm says.

"You have to decide what is the extent of the reduction in air transport and what its replacement could be," he says. "How are we going about that?"

Defenders of traditional cost-benefit analysis insist their approach has simply not been followed rigorously enough. Some key investment decisions in the late 1960s, for example, were deliberately skewed to favour projects in poorer parts of the country.

Roads polarise debate

One issue that unites almost all British transport economists – and distances them from most politicians – is their view about the road system. Both sides of the dispute about how to plan the transport network's future believe it is vital to introduce a system of per-mile charging for road use. Charges would vary according to the time of day and how busy the road was.

The 2006 Eddington Transport Study said a national charging system would provide the biggest single potential boost to the transport system's efficiency, producing benefits of about £28bn annually by 2025.

It would spread traffic more evenly through each day, while also encouraging shifts to alternative means of transport.

Yet politicians have grown more sceptical as transport experts have become more sure. In 2004, Alistair Darling, then transport secretary, made introduction of a national system government policy, [only for Lord Adonis to abandon the plan last year](#).

The new government has no plans to resurrect the proposals – but it is considering a national charging system for trucks.

David Begg, an enthusiast for cost-benefit analysis, says it is particularly important to charge for any new road capacity so that the benefits are not immediately lost as the extra capacity fills up with new traffic.

"We can't return to the 1960s

The Business Infrastructure Commission, chaired by David Begg, a key supporter of cost-benefit analysis, **attempted earlier this year to produce definitive judgments on which projects provided best value-for-money**. It favoured smaller, congestion-relieving projects, such as a proposed £184m set of road widening and junction improvements on main roads in Somerset. The work would produce benefits six times their cost, the report said.

The new government appears so far to have reached no settled view on how it will analyse future transport projects. But most involved expect policy to continue to reflect a mix of approaches.

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approach where we just predict [demand] and provide [capacity]," he says. "It doesn't give you good value for money."

Bent Flyvbjerg, a Danish academic now at Oxford's Said business school, whose views of cost-benefit analysis are more sceptical, agrees. "The problem is congestion," he says. "How do you solve congestion? It's road pricing."

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