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9th June 2019

The Inspector and Examining Panel
A303 Amesbury to Berwick Down Case Team
National Infrastructure Planning
The Planning Inspectorate
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Dear Inspector

**A303 Stonehenge EiP
Road Transport Economics**

In my previous letter to you I expressed my severe doubts as to the purpose of an Inquiry into a scheme that started from a premise that the most important issue of Climate Emergency could be assigned to a background assertion of underlying significance. With such doubts I felt a certain purposelessness about attending sessions after the Preliminary Meeting. Nevertheless I signed up to the Traffic and Transport session next Thursday.

I should say, by way of background, that I have participated in several inquiries in the past at which I have gone into detailed examination of the traffic appraisal and economic analysis of schemes. I understand the methodology of both, to the extent that I have been able in the past to pick up faults within the detail of the analyses that have been accepted by the examining authorities. It is a time-consuming and thankless task, but more importantly I have come to learn how pointless it is to participate in what is essentially a fatuously dishonest and futile process.

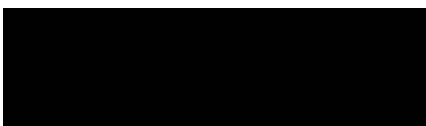
It is fatuous for reasons that I will come to. It is futile because it never seems to matter whether, even in its own terms, the economic appraisal shows poor value. If, like the current scheme, the appraisal methodology shows poor value (as highlighted by the Audit Committee), the promoters then simply alter the calculation. In the past they have extended scheme appraisal to 60 years instead of 30 years; have reduced discount rate; and have perpetuated a forecasting illusion that constantly adds spines to the famous 'Porcupine Graph', all in order to bring in huge benefits from an imaginary future, that is apparently beyond the end of cheap resources, beyond the Climate Tipping Point and probably beyond the lifetimes of most of the people at this EiP.

For this particular scheme the promoters have had to have resort to other magical quantification of benefit. The ‘contingent evaluation’ is almost beyond belief, except that the DfT and Highways England have been at it for years trying to price the environment in order to offset it with their imaginary benefits in their road scheme calculations. I explored the illogic of it (where it implies a much bigger environmental cost that is never calculated, to having the road and roads like it in the first place) a bit in my submission to the 2017 consultation (Appendix 2).

It is fatuously dishonest because it is an *‘Emerald City’*, a deliberately vast and complex edifice built on a completely false foundation. This is not a throwaway remark – I have been trying for decades to get the DfT to explain the basis for the assumptions behind the Webtag appraisal. I summarised the history of this tortuous process in my response to the MRN consultation last year (Appendix 1 to this letter: note that footnote 1 of this response gives a link to the published case I have made that the DfT have never answered). Needless to say the response was ignored – the DfT doesn’t want to hear that the Emperor has no clothes and considers that the only way to ignore the truth of it is to keep describing the clothes in all their glory.

I don’t suppose any of this will come up at the Transport meeting on Thursday – I note that traffic and economic appraisal seems to form only a small part of the day’s agenda. But I feel I ought to attend in order to see what is said, particularly in relation to the monetised ‘benefit’ of cultural heritage. I note that although I registered to attend this session I am not invited to participate as such, presumably because I did not make a written representation on the subject. I do not know whether you take questions/remarks from the floor.

Yours sincerely



Christopher Gillham

Appendix I Submission to the MRN Consultation.

Proposals for the creation of a Major Road Network Consultation 2018

Individual Submission – Christopher Gillham



Introduction

The on-line consultation form is a highly tendentious document. It starts from the assumption that we all accept there are good reasons for road building, that a clear economic case exists for it, that its justification (as represented by magical cant words and phrases – e.g. journey time reliability; congestion reduction; resilience; economic benefit; etc.) relates sensibly to its outcome. And if we do not accept these axioms we know what your response is – to ignore. We know this from the FACT that the DfT, Highways England, all government including Parliamentary Select Committees have NEVER BOTHERED OR EVEN ATTEMPTED TO ANSWER the objections to the assumptions.

In order to enlarge upon this statement I summarise my attempts to get answers from the DfT. The history is a long one. I have asked fundamental questions about transport economics and road appraisal at public inquiries since the 2nd M3 Inquiry at Winchester in 1976. These include inquiries in 1985 and 1987 (M3 Winchester), 1994 (A36 Salisbury), 1994 (A35 Morcombelake), 1995 (A259 New Romney), 1996 (A259 Pevensy, Bexhill, Hastings), 2004 (A303 Stonehenge) and 2008 (A350 Westbury). At none of these inquiries was any attempt made by promoters to answer the questions of transport economics or appraisal processes that I raised. At all of these inquiries the essence of rebuttal was that these questions are beyond the scope of a local inquiry and are of a national policy nature. Inspectors usually listened but echoed the point that I should take such matters up with government.

There is some sense to the last point. Transport appraisal is something that is determined at government department level and, therefore, must have an element of government policy about it. Nevertheless if it is government policy to use a process of evaluation that is demonstrably suspect, logically, statistically and economically, then it is surely appropriate to demonstrate this at the point where that policy meets the real world.

But I have also made many attempts to get my questions in to the people who make policy. I have asked questions of this nature of Ministers and Prime Ministers over many years, without any response other than rehearsal of meaningless policy junk. Between 2010 and 2012 I tried more systematically to get a response through Norman Baker as Minister. After some exchanges in which I received one or two boiler-plate-text responses from DfT, my last attempt to get meaningful answers via Mr Baker was in November 2011 where I repeated my request that 9 specific questions should be answered. I show this letter in Appendix I. Despite the fact that a Department, that claims to have a huge resource of economic evidence and to be able to compute

economic benefit of road-building, ought to have found it easy to answer these fundamental questions it failed to do so and indeed never bothered to reply to this last request or to a reminder a year later.

In October 2013 I made a submission to the Transport Select Committee hearings on the Strategic Road Network, in which I made my case for the unsoundness of most of the assumptions of the road appraisal process. This submission was published¹. The Transport Select Committee chose not to make a single comment on my submission. On making a submission of this nature amongst all the other material presented by others, I would not expect that its readers would agree with all I said. It was, after all, a radical questioning of everything the DfT has said and done over several decades. But if the Transport Committee had had anything in the way of an open mind, or even the common decency of a proper response, it would have given reasons as to why it thought my submission was wrong. But it did, what the DfT, Ministers and MPs have always done, ignored uncomfortable questions. It should be noted also that the DfT or Highways England could have responded in the normal way in respect of matters published in a reputable journal. I have seen no published reasoned response by the DfT to the paper published in *World Transport Policy and Practice*.

In November 2016 I wrote to my MP, Steve Brine, issuing a challenge to the DfT to justify a statement by the then Secretary of State, Philip Hammond, that *'for every pound we spend on Highways Agency schemes, on average we will get back £6 of benefits'*. This letter and the reply from the Roads Minister, John Hayes, are shown in Appendix II. We must assume that this reply is the definitive response to the question of how Mr. Hammond's £6 benefit claim is justified. I deal with the contexts of Mr. Hayes letter at §0 below.

MRN Consultation Claims

The five policy objectives of the consultation document are:

- Reduce congestion – alleviating local and regional congestion, reducing traffic jams and bottlenecks.
- Support economic growth and rebalancing – supporting the delivery of the Industrial Strategy, contributing to a positive economic impact that is felt across the regions.
- Support housing delivery – unlocking land for new housing developments.
- Support all road users – recognising the needs of all users, including cyclists, pedestrians and disabled people.
- Support the Strategic Road Network (SRN) – complementing and supporting the existing SRN by creating a more resilient road network in England.

Reducing Congestion: The consultation document makes a rather strange case for tackling congestion by road-building. It states that total congestion has risen over the last 3 years by 9.7%. If a major purpose of road-building is to reduce the costs of congestion then an

¹ See P Kinnersly; *World Transport Policy and Practice*; 20.2/3; May 2014; p75 et seq.

obvious question is how has the history of roadbuilding so far reduced the cost of congestion? The statistics of delays on the network as a whole are rather hard to come by and indeed the methodology of collecting such data appears to have changed somewhere around about 2014. However, the government stated that the cost of congestion in 2017 was £9B. The Eddington Report of 2006 suggested that the figure was £7-8B.

So the roads built over the last 12 years have certainly not reduced the cost of congestion but have actually contributed to its rise. This ought to be unsurprising since everyone knows since the SACTRA report (that everyone of intelligence knew for decades before) that the main effect of roadbuilding is to increase traffic. Eddington, incidentally, pointed to a conclusion of the Victoria Transport Policy Institute (2003), that:

investment in alternative modes of transport and in management strategies to encourage more efficient use of existing road capacity (e.g. pricing congestion/parking) tends to provide greater economic benefit than expanding existing highways to reduce congestion.

Supporting Economic Growth: This is the crucial statement made by the DfT at all times in its various enthusiasms for major roadbuilding. Yet the DfT has never demonstrated that there is a positive economic benefit either in terms of GDP or any more useful measure of economic welfare. The DfT gleefully extracted from the Eddington report that there was a correlation between growth in road building and growth in GDP, but outrageously forgot to mention that Eddington was particular to point out that he did not know the direction of causality (does road capacity follow GDP growth or the other way round?) Such statistical evidence as there is actually suggests the opposite of the DfT assumption – road-building tends to lead to a lowering of GDP - see §0 and op. cit. footnote 1.

Supporting Housing Delivery: The implication of this objective is appalling. Let us think what the various road-building frenzies have brought us. They have brought a massive expansion of traffic with gigantic externalities – motoring and road freight are hugely subsidised. The DfT has never countered the OECD or Blueprint 5 estimates of the externalities. Blueprint 5 was showing these at three times the total tax and duty levy on road users, long before the enormous costs of climate change and air pollution² were known. Traffic growth is the result of this massive subsidy and traffic levels would likely (op.cit. footnote 1) be at 1950s levels if road users paid their true costs (as indeed Eddington recommended – another bit of his report the DfT chose to forget).

And there is a secondary effect. Road building did not bring the time savings promised. David Metz³ demonstrated that what has actually happened with the post-war road-building frenzy is that people spend just as long travelling by road as they ever did; it's just that they travel much further. This has generated a diffusion of economic activity away from

² On the data that DfT uses to evaluate a fatality, air pollution in the UK, which is very largely the result of road traffic, amounts to £60B p.a., more than twice the total tax take on petrol and diesel

³ D Metz: *The Myth of Travel Time Saving*; Transport Reviews, 28; 2008; pp. 706-709.

traditional centres. How the national economy benefits from such entropic behaviour is anyone's guess. It has certainly resulted in some extraordinarily baleful effects on our countryside with strung-out development corridors lined with megasheds and car-dominated retail. This in turn has led to a significant social exclusion of those who cannot benefit from car ownership.

The housing crisis (of which the social housing crisis is arguably entirely of the government's making) ought to have been tackled by strategies to create harmonised communities. Since an essential and probably growing part of society is marginalised or excluded from the supposed benefits of a growing economy, any kind of social cohesion sought through housing policy ought to take account of the unlikelihood of this sector to have access to the subsidy of the car-owning population. They are doubly or even triply excluded by the entropic nature of the development brought about by the car economy: not only do they have no means of accessing the facilities that the better off can access, but the facilities they would have had have moved away from them⁴ – local shops towards out-of-town centres, with remaining retail more expensive for them; then deprived of bus services that have been made unviable because subsidised private motoring deprives them of customers and congests the network, so increasing the costs of provision. Transport policy is highly regressive and getting worse.

If housing is to be provided in such a way as to create or reinforce harmonised communities, in such a way as to maintain a representative distribution of the general population, then the logical policy direction should be towards urban living, through accretion or renewal of 'brownfield' areas of existing towns or through new towns built around environmental sustainability with efficient public transport, streets for people and provision for healthy mobility. What is happening at the moment is the very antithesis of this – development corridors with megashed car-dependent and lorry-dependent functionality and mono-class car-dependent commercial housing estates with token gestures towards social housing need through so-called 'affordable' provision, that is not remotely affordable for significant sections of the population who need to live in areas of high commercial rent. Under this government, even this last provision is circumvented by the 'viability' dodges of the developers.

This objective of the MRN is clearly designed to serve commercial rather than social interests by giving us much more of this tawdry development. It is worth pointing to a particular example of this disastrous abandonment of government responsibility for creating cohesive community. Though it is not my home area I am very familiar with the growing threat of corridor development and greenfield housing construction without thought for sustainability, social cohesion or efficient healthy transport policy in West

⁴ Undoubtedly a part of the trend to extra journey lengths that Metz identifies. There can be no argument that these extra journeys are beneficial because they realise opportunities that were not there before government built the infrastructure, which is the argument the Highways Agency gave for thinking traffic induction was beneficial. These are journeys for a purpose, simply made more expensive (by increasingly exorbitant bus and train travel) or impossible (where bus services are axed by reason of Austerity) for those least able to afford them.

Wiltshire. Wiltshire Council (WC) appears to have one single thought, indeed obsession would be the right word, and that is with turning the A350 into a superhighway. They seek to create what they call a new north-south 'Strategic Route' from the M4, north of Chippenham, via Warminster, to the South Coast. They have two routes in mind south of Warminster. One is to develop the A350 through Dorset to Poole and through some of the finest countryside in Dorset. Until the rumours of this new MRN road-building binge, Dorset Council had not really considered this possible, but now it is being seduced with the promise of taxpayer cash. The second route is to resurrect the A36 (previously a candidate for de-trunking) corridor from Warminster to Southampton. This has been enthusiastically endorsed by WC and various shire MPs including the member for Salisbury, John Glen, apparently with the backing of Jesse Norman, Roads Minister. Never mind that the lovely valley of the Wylde River and Constable's meadows at Salisbury would be irredeemably desecrated by their plan. And never mind that Hampshire County Council was not consulted by John Glen or Jesse Norman in this grand plan. Nobody asked them if they or their constituents minded an 'improved' strategic highway through the New Forest or the Blackwater Valley.

But it is north of Warminster that the true horror of obsessional road-building is taking place and it presages what MRN will do all over this country. WC sought to create a superhighway section as a bypass of Westbury through the lovely Wellhead Valley and under Westbury's White Horse (the landscape of two iconic Ravilious paintings and poems by Betjeman and Chesterton; the landscape too of Alfred's decisive battle of Ethandun - which is why the world speaks English and not Danish). WC was defeated in this ambition at public inquiry in 2008 on the basis of its unacceptable countryside impact and the joint inspectors being unconvinced by the employment claims being made by the Council (see peripherality below...). WC have never accepted this defeat and continue to press for the A350 strategic route including this 'Eastern Westbury Bypass', though without specifically mentioning it.

WC gets its inspiration from the unofficial Highways Agency handbook – if you want to build a controversial road, build the less controversial bits first, create congestion and then assert that no alternative remains but to build the last bit through the most important landscapes, habitats, ancient monuments or World Heritage Sites that get in its way. I know this from how the Highways Agency came to wipe out my local landscape at Twyford Down. I see it now with the A303 at Stonehenge where Highways England propose a piece of pure Philistinism of a nature, if not of scale, of the destruction of Palmyra by ISIS or the statues of Bamiyan by the Taliban.

So what WC is now trying to do is build sections (it got away with Semington Melksham; it proposes widening of Chippenham bypass or even an additional bypass; it proposes a new Melksham eastern bypass and a Yarnbrook-West Ashton so-called 'Relief Road') assuming that the traffic generated will then put such additional burden on the town of Westbury that the Wellhead Valley can be seen in the light of a necessary sacrificial victim like Twyford Down or the wider Stonehenge World Heritage Site. How is it

doing this?

The WC Core Strategy has responded to central government's mandatory requirements for major housing provision⁵, aiming in West Wiltshire almost entirely at green-field sites mostly around Chippenham and Trowbridge. Trowbridge is a classic example of a neglected townscape, a once pleasant town with good vernacular architecture, much of it laid waste to bad planning and outdated transport policy. It is crying out for urban renewal, a return of urban population and streets intended for people to live and work in. But urban renewal is not something that most housing developers favour – profits are much easier to make from green-field sites. Housing estates can be built there without significant planning for public realm or transport needs. For most housing developers, unless there is a firm requirement from thoughtful planning authorities, access and transport policy simply means roads. Where there is a poor planning environment, as in Wiltshire, this is as far as it goes. See, for example, how estates east of Trowbridge are being built.⁶

But WC sees these car-fed housing developments in another way. It sees them as a means of incremental A350 development, with the developer contributing, through CLI levy, to the roadbuilding. A typical example is the current plan for the Yarnbrook-West-Ashton Relief Road⁷ which is to be part-funded from CIL levy on a new Ashton Park housing estate. Of course developers who are so poor as to be unable to 'viably' build a decent proportion of 'affordable' housing are unlikely to contribute a significant fraction of the cost of road-building. So WC looks to the LEP to find the rest of the money.

Local Enterprise Partnerships (LEPs) are the latest bizarre factor in local planning. LEPs are unaccountable, undemocratic groupings of vested interest, spending public money without any consultation with the people who are to suffer the consequences of their schemes and, to boot, be made to pay for it through their taxes.

So now, after years of frustration when growing environmental, air pollution and climate concerns were putting in question the whole consensus of post-war transport planning, Councils with old-fashioned transport and development ambitions are catching the whiff of tarmac. They see a government that no longer even bothers to pay lip service to environmental concerns or at least one that inverts those concerns in a perfect Orwellian or Trumpian sense.⁸ The so-called protection agencies (Natural England, English Heritage, Environment Agency) are emasculated and told that their 'customer' is the

⁵ Read 'commercial demand' rather than social housing 'need'. And be willing to accept developers' claims of non-viability for provision of affordable housing.

⁶ See <https://www.transport-network.co.uk/Estates-without-footways-homes-without-transport/14106> or <https://www.youtube.com/watch?v=KVxqdThAv88>

⁷ An interesting definition of Relief Road when you build an intended superhighway close alongside the new estate that is to contribute to the cost.

⁸ Like the Ministry of Peace that concerned itself with war. One has only to see how DEFRA behaves on air pollution, or the Prime Minister's 20 year Plan for the Environment, to know that now all that is needed is an assertion that government plans to protect the environment, without any commitment to doing so, indeed the reverse. This consultation is simply a part of that dislocation between words and intent.

developer. The centre of Trowbridge will continue its decline into public squalor while large sums of public money are distributed, with democratic deficit, through the DfT and MRN and the LEPs in order to destroy the precious landscape of west Wiltshire and wipe out its important habitats.⁹

Support all road users (cyclists, pedestrians and disabled): Oh Yes? MRN will make that happen.

Support the Strategic Road Network: In the thought processes of the road-builders this is an unsurprising point of view but it ignores an obvious deduction. Clearly the MRN will feed traffic into the SRN and vice versa. Both will generate traffic and both together will feed traffic (with its congestion, its air pollution and its carbon consumption) into the rest of the network, into towns and villages and cities. By what possible distortion of reality is this ‘resilient’? But it doesn’t have to be – resilience is the new cant word of government.

The DfT Argument (John Hayes letter)

The MRN consultation document makes the usual assertions of economic benefit. For example (quoting RIS – see below):

Through boosting the productivity of local economies and improving journey times for businesses and commuters major road schemes produce an average benefit of over £4 for every £1 spent.

I note that this is a different claim from that made by Philip Hammond (see §0), but how good are any of these claims? If the John Hayes letter is the definitive answer (and if it isn’t why, was I not given other answers?) to the questions I posed to the DfT in my correspondence then we must test it against those questions.

The Hayes’ letter makes no case of its own but apparently relies on a number of documents:

1. The Road Investment Strategy 2015 (RIS)
2. Webtag
3. **Transport investment and economic performance: implications for project appraisal 2014 (TIEP)**
4. Post-opening project evaluation (POPE) – several documents feed into a ‘meta-analysis’ 2015
5. Understanding and Valuing Impacts of Transport Investment Wider Economic Impacts Consultation Response 2017
6. Highways England the Road to Growth 2017 (3 documents)
7. Monitoring and Evaluation Programme 2015 Update

Of these documents 7 is simply a statement of how transport investments will be monitored and has nothing to say about any of my questions about economic assumptions. Document(s) 6 are replete with economic assertions of the sort that are in the MRN, but nowhere can I find anything which relates to any of the questions I ask about the assumptions behind those assertions. Document 5 is a consultation response report, relating to appraisal

⁹ WC road building and development ambitions are very likely to lead, for example, to the extinction of some of the most important rare bat populations in the country.

methodology. None of the questions I asked about fundamentals is addressed in this document. Documents 4, though interesting (especially to those concerned with environmental matters) in comparing outcomes with promises, are also irrelevant to my questions – on economic matters they simply compare outcomes by the same metric that they used to predict them (i.e. they have the common Webtag assumptions behind them).

Documents 2 are the vast array of Webtag with which I was reasonably familiar and which I was fundamentally questioning in my original correspondence. It is possible that in this vast array of stuff, there are statements which might relate to some of my questions but I can't find any. If there is anything relevant to my questions in these documents I would have expected DfT to have pointed me to it. My contention remains that Webtag entirely depends on the assumptions that I am questioning. Document 1, which is one of two primarily cited by Hayes as answering my questions, does nothing of the sort. It is merely a long summary of Webtag or COBA outcomes and is therefore built on the very assumptions I am questioning.

This leaves document 3, the TIEP. Mr Hayes is quite right in asserting that TIEP regards the DfT appraisal as world-leading – in fact it says:

The Department for Transport appraisal guidelines provide a rigorous framework for appraising projects. Its assessment of user-benefits is well-grounded and it has been a world-leader in incorporating some of the wider impacts of transport improvements. The recommendations that follow are intended to inform discussion on how to extend and improve appraisal techniques in order to more fully capture (and critically evaluate) the economic impact of transport investments, while maintaining the Department's standards of rigour.

But there are three things to say about this. Firstly the report gives no reference for asserting this reputation and since this is a report commissioned by the DfT we ought to have more than self-serving assertions (pipers and tunes). Secondly, the guidelines may be a 'rigorous framework' in the sense of being a consistent framework, but it does not mean that the framework rests on a secure basis. Thirdly and similarly TIEP asserts that assessment of user benefits are well-grounded, but without saying why or giving any reference to work that justifies such an assertion. I would then say two things about user benefits. Firstly that the perceived time benefits to a user of travelling faster on a road link may not actually contribute a real economic advantage to him/her, for various obvious reasons including that one's perceived costs may not be the same as the real cost to the user.¹⁰ And the real costs to the country (including all the externalised costs) are certainly not the same as the perceived costs that determine the user's behaviour.

The TIEP certainly gets closer to asking fundamental questions than anything else in Webtag or any other document to which Mr Hayes points. So let us look at our questions in

¹⁰ We all know people who will drive an extra five miles to a town that charges 50p less for car parking for example.

relation to it.

Question 1: *The economic appraisal process for road schemes is based on an assumption that road transport at the level it occurs in the UK represents a net economic 'good' for the country. Has the DfT carried out any research into this basic assumption?* The TIEP does not address this question. It assumes in all its arguments that, because transport links are a necessary part of the economy of a modern country, that road transport is an essential part of it and that anything that makes that road transport more efficient must be economically advantageous. That is not a valid assumption. Rail, for example, might be a better way to increase the movement of goods and people. Considering TIEP lauds the economic benefit of population clusters (towns and cities) it is very strange that they should see benefit in a form of transport which is geographically entropic. The point, however, is that TIEP is not a document that poses, let alone answers this question. We must assume therefore that DfT have never carried out any research to justify its assumption of an automatic good from additional road building.

Question 2: *Does the DfT have any evidence on the direction of causality in the correlation between GDP and either road building or road transport use?* TIEP does mention causality in this relationship but is not convincing. It refers to the US network of interstate highways – firstly this is much closer to a country with a less dense network than the UK (see Question 9) – the issue in the UK is whether incremental road-building always provides economic benefit no matter how much of it there is. Eddington was clear that the direction of causality in the UK was unknown. Though it makes reference to Eddington, there is nothing in TIEP that questions that conclusion. We must assume that the DfT has no answer to this question.

Question 3: *how is 'willingness to pay' a proper basis for determining the benefit of reducing the costs of a user, if the user is not paying the true costs of his activity and other people or other things are doing so?* There is nothing in TIEP about this fundamental concept in the calculation of economic benefit in Webtag. We must assume that the DfT has no answer to this question.

Question 4: *has the DfT carried out any research of its own seeking to establish the degree of externalisation of road user costs, and does it have any evidence to suggest that the Pearce calculations are fundamentally wrong?* TIEP has nothing to say about externalisation of road user costs. It says quite a lot of vague things about externalities as though they were generally good things that appraisal wasn't counting. It says nothing about the Pearce or any other calculations of road-user externalisation. We must assume that the DfT has not sought to compute externalities.

Question 5: *does the DfT have any evidence that there is a net economic benefit to the UK of encouraging the sale of cars?* TIEP does not address this. It is very strange that government should not have an answer to this question, but since DfT have not provided it we have to assume that car manufacture and sales do not necessarily figure beneficially

in what Thatcher was pleased to call the Great Car Economy.

Question 6: has the DfT done any research on the relative economic benefits to the UK of investment in public transport compared with the support for private motoring? No TIEP discussion here. But surely DfT must have researched this question. Why did DfT not answer it?

Question 7: has the DfT done, or had access to, any research on the economic consequences of more radical transport policies for urban centres, and if not would it consider urgently commissioning the definitive study that is needed? Not an issue before TIEP. The question is left hanging.

Question 8: Has the DfT ever done any research on the economic peripherality effects of road schemes? Supplementary Question: when the DfT analyses road bids made to it, does it ever look at or attempt to quantify its likely peripherality effects? TIEP has something to say about this with various thought experiments. But there is no reference to any research so we must assume that DfT have not done any. Considering HE asserts great benefits of improving links to the SW peninsula one would think they would have some idea of the nature of peripherality effects. It is worth noting that despite the A30 improvements over recent years the A30 Chiverton consultation recently pointed out that Cornwall's economic performance has continued to fall over time.

Question 9: does the DfT recognise that there must be an optimum level of road space for the economic good of the country, and if so what research has it done to discover where that optimum lies? [see diagram in Appendix I]. Not a question TIEP puts to itself. Yet it is fundamental – are we past the point at which road building makes the economy better or worse?



5th November 2011

The Rt. Hon. Norman Baker
House of Commons
London, SW1A 0AA

Dear Mr. Baker

Road Building and the Economy

I recently apologised for mistakenly asserting that I had had no reply to my letter to you of 1st November 2010. In fact the situation is more complicated, though no less embarrassing on my part. The DfT response that your Private Secretary sent me was not in fact a response to the 1st November letter but to a different communication (an email) from a different date, which explains why the reply is about 'green' transport policies and not to do with the issue of road building and the economy. But in a search through my files for a paper copy of this response I in fact came across another letter, which clearly does relate to the 1st November letter. So I feel I should undo my first apology and replace it with another.

My only excuse for not registering the reply in my brain is that I must have seen it not as a reply but as a holding statement. I copy the DfT reply into an Appendix to this letter. You will see that it does not in fact answer any of my points but suggests that my views would be fed into some review process. This does not seem very satisfactory to me since the DfT is busy assessing terrible schemes¹¹ like Kingskerswell and Hastings in the light of the current methodology which I assert is so flawed. Moreover Philip Hammond, before his transfer to foreign affairs, has recently signalled an intention to increase speed limits on motorways, based exactly on the assumptions that I assert are so preposterous. If there is a fundamental review of methodologies going on, it is apparently not affecting current processes.

So it seems reasonable to me to return to the unanswered questions of my original letter and ask that you obtain responses from the DfT to each of my points. Put simply my letter was about the false economics of DfT road scheme appraisal as represented by Philip Hammond's assertion that *'for every pound we spend on Highways Agency schemes, on average we will get back £6 of benefits'* and the wider economic assumptions famously encapsulated in Mrs Thatcher's *'Great Car Economy'*.

Economic Appraisal

- 1) The economic appraisal process for road schemes is based on an assumption that road transport at the level it occurs in the UK represents a net economic 'good' for the country. Without this assumption there is no justification for further assuming that reducing the costs of road transport (especially through road building) represents an economic 'better'. I have asked at many public inquiries what research the DfT has carried out to justify that assumption, without receiving any definitive answer. **Question: has there been any research into this basic assumption?**
- 2) The Eddington Report has been adduced as demonstrating a basis for such an assumption, but while Eddington makes a link between GDP and road building he is careful to stress that he does not know which way round it goes – do we have growth because of road building (or road transport) or road building (or road transport) because of growth? **Question: does the DfT have any evidence on the direction of causality in the correlation between GDP and either road building or road transport use?**
- 3) While SACTRA did some useful things in the past and showed a degree of independence, notably when it insisted on the induced traffic effect, which the Highways Agency had denied for decades, unfortunately it got side-tracked by the labyrinthine processes of benefits calculation without ever questioning its fundamental principle of *'willingness to pay'*. The problem with the principle is that it does not ask the question *who is paying what?* **Question: how is 'willingness to pay' a proper basis for determining the benefit of reducing the costs of a user, if the user is not paying the true costs of his activity and other people or other things are doing so?**
- 4) The Blueprint studies of the late Prof. Pearce at Leeds University suggest that the true costs of road transport are something like three times the total taxation burden on the road user. If we take the known elasticity of demand with respect to fuel

¹¹ And likely to make decisions on these in the next two or three months

price as an indicator, tripling the taxation on the road user would bring about a massive decline in the use of the roads. **Question: has the DfT carried out any research of its own seeking to establish the degree of externalisation of road user costs, and does it have any evidence to suggest that the Pearce calculations are fundamentally wrong?**

Cars for Prosperity:

- 5) ***The motor trade for prosperity:*** Governments are fond of subsidising car purchases, a subsidy which is clearly regressive in nature, from the scrappage scheme of the last government to the support for electric car selling under a spurious ‘green’ agenda. Car manufacture is an economic activity and it certainly brings wealth to some countries. But what is the evidence that support for the sale (or even the manufacture) of cars in the UK is beneficial to the economy of the UK? We import in terms both of vehicle numbers and of money much more than we export. Any encouragement of indiscriminate growth of car sales might reasonably be presumed to increase a balance of trade deficit in this area. **Question: does the DfT have any evidence that there is a net economic benefit to the UK of encouraging the sale of cars?**
- 6) Surely the best environment (and hence the more natural home market) for developing any green technology is likely to be in those countries that most naturally think in terms of alternatives to wholesale conventional individual-vehicle-centred transport. The UK does not compare well with major European and Japanese competitors in this regard. Germans, for example, naturally seem to look for alternatives when it comes to transport, in a way that the British people mostly no longer do. **Question: has the DfT done any research on the relative economic benefits to the UK of investment in public transport compared with the support for private motoring?**
- 7) ***Car access for prosperity:*** The assumptions about economic benefit of road transport exist at many levels. Town councils throughout Britain have forever shied away from restricting car access to their town centres in the belief that it is bad for the economy. While Park and Ride often figures as an alternative to building more car parks in the centre of towns, very rarely do councils take the obvious logical step of significantly removing city centre car parks. Yet if you imagine planning the access for a town from scratch you would not decide that the most efficient access through a restricted street network was for individual shoppers or tourists to each enter in a separate box with 20 times the footprint of a human being.

Conventional public transport with good reliability, frequency and coverage (spatial and temporal) would so clearly be the efficient way of doing things that you’d think every town council in the country would be making it happen. But ask them and they all say that local businesses fear a loss of trade if you restrict car access. While there are towns and cities on the Continent with clearly more radical transport policies and apparently at least as prosperous as car-choked towns, there appears to be no definitive research on this. **Question: has the DfT done, or had access to, any research on the economic consequences of more radical transport policies for urban centres, and if not would it consider urgently commissioning the definitive study that is needed?**

- 8) ***Road building for local prosperity (peripherality):*** two years ago the South-West saw the end of the Westbury Bypass in Wiltshire. After many years of planning and a wasted £7M of ratepayers money Wiltshire Council came to an Inquiry with a positive COBA (naturally! – it is quite difficult to make COBA negative) and a claim for local economic benefit. An argument used was that economic welfare was draining out of Westbury by out-commuting and that a bypass would somehow give better access to its industrial estate and thereby create more employment in Westbury. The notion that a new bypass to Westbury might actually increase the propensity for out-commuting (by reducing the transport costs of it) had simply not occurred to the planners. But it did occur to the Inspector.

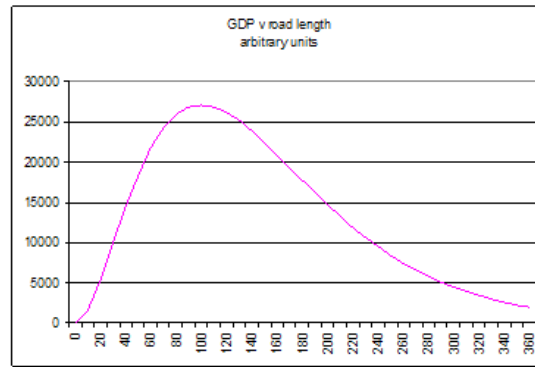
The obvious truth that a road is a two-way thing and can just as easily suck economic activity out of an area as draw it in, is simply ignored all over the country. At this moment the DfT is actively considering an appraisal for the Kingskerswell scheme (where the local authority is apparently prepared to risk several tens of millions of pounds of ratepayers money) which makes assertions of economic benefit to the region without any consideration of peripherality evidence at all.

Question: Has the DfT ever done any research on the economic peripherality effects of road schemes?

Supplementary Question: when the DfT analyses road bids made to it, does it ever look at or attempt to quantify its likely peripherality effects?

- 9) ***Road building is an economic good in itself?:*** The biggest assumption is that building roads, allowing greater growth in transport, must be good for the economy *per se*. But because something at some level may be a good does not mean that more of it is better.

If there were no roads in Britain economic activity would be very local and very limited – the GDP of such an economy would be relatively low. If the British Isles were entirely laid down to road and the road was used, then we would have no space to grow or make anything, and since we would be travelling all the time, no time to be involved in any economic activity at all. Somewhere between no roads and infinite roads must be the optimum for economic activity.



If (as a result of our mistaken way of assessing road schemes) we have built so many roads and created so much traffic that we are on the wrong side of this optimum, then the more we build the worse the economy gets. **Question: does the DfT recognise that there must be an optimum level of road space for the economic good of the country, and if so what research has it done to discover where that optimum lies?**

I would be very obliged to you if you could obtain some definitive answers to these questions.

Yours sincerely

Christopher Gillham

Department for
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Mr C Gillham


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Our Ref: O8/031295/10

3 December 2010

Dear Mr Gillham,

Road Building and the Economy

Thank you for your letter dated 1st November 2010 titled 'Road Building and the Economy'. The minister has asked me to reply to you on his behalf as your letter raises a number of issues relating to the economic appraisal of transport infrastructure investment.


When the Government set out its future programme in the Coalition Agreement, it made a commitment to:

reform the way decisions are made on which transport projects to prioritise, so that the benefits of low carbon proposals (including light rail schemes) are fully recognised

We are working with ministers on a programme of work to deliver this commitment, and we will bear your views in mind as we take this work forward.

Yours sincerely,


Gavin Gaunt



21st November 2016

Dear Sir

**Road Building and the Economy
A Challenge**

Philip Hammond as Chancellor, at a time of great austerity for public services and large numbers of ordinary people, is apparently expected to commit a further £1B to immediate road construction. Mr. Hammond, in a previous role of Secretary of State for Transport, said:


'for every pound we spend on Highways Agency schemes, on average we will get back £6 of benefits'

I asked the Select Committee on Transport in 2013 to look at this claim. It did not. I have asked the Department for Transport (DfT), over many years, and including a long correspondence via Norman Baker as Transport Minister in the Coalition government, to come up with evidence that roadbuilding is economically beneficial. The Department was unable to come up with one shred of evidence of the truth of Hammond's assertion.

Worse still it became apparent through asking the questions that, with all the billions that the DfT has spent on road building and all the countryside it has wrecked and all the health and climate costs of what Mrs Thatcher called *The Great Car Economy*", it has never done any research to justify its claim of economic benefit. Nor has it researched the externalities of road transport or what would happen to traffic levels and congestion if externalities were recovered from users.

I have put the above to our MP, Steve Brine, assuming that he would be willing to be an apologist for the Chancellor's position and I have challenged him to obtain from the Chancellor or the DfT any research that demonstrates that there is a net national benefit in GDP to be had from expenditure on road building in the UK. I will report back on anything that is forthcoming.

Yours sincerely



Christopher Gillham



Department
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21 DEC 2016

Dear Steve

Thank you for your email of 25 November to Chris Grayling, enclosing correspondence from your constituent, Christopher Gillham, 16 Upper High Street, Winchester, Hampshire, SO23 8UT, on the important subject of road building, and its impact on the economy. Mr Gillham has suggested that the Department was unable to come up with any evidence that road building is beneficial to the economy, and has asked DfT to demonstrate that expenditure on road building is beneficial to the economy. I am replying as Minister responsible for this issue.

I am confident that the Government's road investment is beneficial to the economy, and that the approach to road scheme appraisal is sound. A large proportion of road schemes' benefits go direct to business, and also create wider economic impacts by boosting the productivity of towns and cities. In March 2015, the Department published an economic assessment of the Roads Investment Strategy (RIS)¹. This showed that the RIS will provide a large amount of such economic benefits. This analysis also included the value of other impacts, such as on the environment, and showed that the RIS as a whole was very high value for money.

As I believe your constituent is aware, the Department's evidence base for understanding and valuing the impacts of transport investments is set out in WebTAG². This has been developed over many years and has been noted as representing international best practice. However, the Department has asked world-leading experts to review our approach to understanding how transport improvements impact on the economy. Their conclusions were reported in the 'Transport Investment and Economic Performance' report³.

¹ <https://www.gov.uk/government/collections/road-investment-strategy>

² <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>

³ <https://www.gov.uk/government/publications/transport-investment-and-economic-performance-tiep-report>

They found that the Department's approach is world-leading in incorporating some of the wider impacts of transport improvements.

Furthermore, to evaluate whether road schemes provide the forecast benefits, Highways England produces 'Post Opening Project Evaluation' (POPE) reports one and five years after the opening of a road scheme⁴. The POPE studies provide anecdotal evidence to show that Major Schemes have assisted local and regional economic development through congestion reduction and improved journey time reliability which provides improved access to potential employment centres.

Nonetheless, the Department is not complacent. It has a clear strategy for improving the way it understands the impact of transport schemes on the economy. In October 2013, the Department launched the 'Understanding and Valuing the Impacts of Transport Investment' Analytical Strategy, which set out DfT's approach to maintaining and enhancing this evidence base through open, transparent and collaborative working with academics, stakeholders and other experts. Following a substantial programme of work, the Department has recently published a consultation on its proposed improvements to the way it understands and estimates economic impacts in transport appraisal⁵. Highways England is also working with a wide range of stakeholders to develop a strategic economic growth plan to explore and explain the contribution of road investment to the UK's economy. It has recently published a consultation on delivering this strategy⁶.

DfT and Highways England are exploring ways to further evaluate economic impacts. For example, DfT's Monitoring and Evaluation Programme⁷ lists the Department's priority projects for monitoring and evaluation with information about their activities to date.

Thank you again for your letter, and I hope that this reply goes some way to answering the concerns that Mr Gillham raises.

Yours sincerely



THE RT. HON. JOHN HAYES CBE MP

*P.S.
I do trust that
this is helpful
Yours - JH*

⁴ <https://www.gov.uk/government/collections/post-opening-project-evaluation-pope-of-major-schemes>

⁵ <https://www.gov.uk/government/consultations/transport-investment-understanding-and-valuing-impacts>

⁶ <https://www.gov.uk/guidance/highways-england-supporting-growth>

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/468420/monitoring-and-evaluation-programme-2015.pdf

Appendix 2: Extract from my submission to the 2017/8 Stonehenge Consultations - Remarks on monetisation of cultural heritage.

‘Contingent Evaluation’: One would be hard put to find a better example of Rochefoucauld’s dictum on hypocrisy than to read the stuff on the *‘Contingent Evaluation’* of the desirability of removing the road from the immediate neighbourhood of the monument. It has long been apparent that the people who want to wreck the environment have been anxious to quantify what all decent people would naturally say was unquantifiable, in order that a supposed ‘value’ can be offset by some, usually imaginary and easily inflatable, economic benefit.

Putting a price on what really matters in order that what doesn’t matter can be allowed to destroy it, is what the DfT and HE have been plotting for years. They want the environment up for sale. Quantitative environmental evaluation¹² might be an interesting notion if one could imagine that its proponents had some sincere desire to examine a judgment balance between two evils. But we can tell that this is not what this about, by asking very simple questions.

If the DfT were interested in estimating the externalities of air transport, for example, on the same *‘willingness to pay’* basis, it could ask all the people in the flight path of an airport how many pence they would pay to avoid a single flight going over them. Almost certainly in terms of nuisance (and property values) this would be countable numbers of pence. Such a price of intrusion into millions of households if levied on aircraft passengers would bring air travel to a halt. How much are people willing to bet that the DfT would contemplate doing such a thing?

Or look at the other side of this evaluation process¹³. If the removal of the road from the neighbourhood of the monument is valued at £1B, then the DfT policy that put the traffic there in the first place was imposing £1B of costs on society that it never calculated at the time. And why can’t government pay for environmental improvements across the country in the order of billions, without tying them speciously to road building or other sordid ambitions?

One might also simply ask what the ‘contingent evaluation’ of removing the A303 entirely from the WHS would be, or if the value of the proposed tunnel is £1B, what is the ‘contingent’ cost of ruining the rest of the WHS and especially in the vicinity of the portals?

¹² With the absurdity of the Treasury discount rate in such calculations – by which the value of habitat or heritage or landscape ceases to exist 60 years into the future.

¹³ Even assuming that the survey and the analysis has been done honestly – did the people being asked in the ‘willingness to pay’ question know what damage was being proposed to the rest of the WHS?