

In and out

Jack Short of the International Transport Forum discusses the role of stimulus finding and the path in and out of recession



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The US Government has grabbed many headlines with the American Recovery and Reinvestment Act (ARRA), its response to the need to do something to prevent stagnation in the face of the recent economic downturn.

The Act isn't without its faults. There has, for instance, been criticism recently from some in the US business community that its near-term focus is to the detriment of projects, particularly those which are steeped in cutting-edge technology, which would be more useful to the country's economy in the longer term. To a degree, that criticism is misplaced in that it fails to recognise the ARRA's true aim: to restore as quickly as possible a level of confidence in the economy by injecting capital and creating employment. It could also reflect a failure on the part of senior politicians to be clear about their objectives.

Nevertheless, if one puts aside the fact that some of the 'shovel-ready' projects which have been taken forward under ARRA are hardly of the calibre of some of those undertaken as part of President F.D. Roosevelt's New Deal Program, the Obama Administration has at least been seen to do something to help prevent recession becoming lasting depression - and perception goes a long way in influencing

mood. If one were to measure success in terms of media coverage, one could be forgiven for thinking that European governments collectively have failed thus far to either grasp the size of the issue or to react in any way close to proportionately.

Undue criticism

Jack Short, Secretary General of the International Transport Forum ('the Forum'), feels that that is an unduly harsh judgement, however.

"It's just not true that Europe hasn't had stimulus packages," he says. "For example, Germany and France in particular have had car scrappage schemes which have done rather well at stimulating sales. In Germany, it's pushed sales up by 20 per cent. In France the figure isn't quite as high but the scheme there has still had an appreciable effect. The same has happened in the UK. The successes reflect that of the 'Cash for Clunkers' scheme in the US.

"The States certainly has a great number of projects which are ideal for stimulus package funding. Its transport infrastructure, for example, has a huge maintenance backlog. The US also has the advantage in publicity terms of being one nation instead of several. That allows

it to present a unified view and plan of action. In Europe, by contrast, there have been lots of different views of the need for any kind of stimulus funding. Germany in particular was initially rather sceptical. A big problem was that the downturn was so swift and so drastic that bringing about a speedy, collective response was well-nigh impossible. It was a case of 'everyone to the lifeboats' - Ireland, for example, had to take unilateral action to prevent its banks collapsing. The same happened elsewhere."

Some criticism of where stimulus funding has gone is misdirected, he feels.

"Larger infrastructure projects, such as major transportation schemes, take many years to come to fruition. There have been cases, as in Canada, where the approvals processes have been streambound somewhat, with the federal government accepting regional governments' appraisals of need."

Shift in thinking

Now, he perceives a shift in the emphasis of the debate towards exit strategies.

"I think governments have been surprised by the success of some parts of stimulus packages," he continues. "But these packages can also be risky. In the

➔ case of the car scrappage schemes, for example, there might be problems later in terms of further downturns and the adverse effects on second-hand sales. And if it turns out that we need further stimulation packages, that won't be easy - there's no spare money and interest rates are already at historical lows. So we need exit strategies which don't push us back into recession again, and on the green issue we need to separate rhetoric from reality."

That last point is an important one; in implementing car scrappage schemes, several governments have played up the environmental 'benefits' of having people driving newer cars with better fuel consumption. In doing so they have

going to be very tight. The public sector is going to be squeezed from all sides, not least because the private sector is going to look for it to take on more of the risk, for better guarantees and higher rates of return. I'm not saying that the private sector is bailing out; there will still be opportunities but there needs to be discussion now over how to cope and survive in that changing landscape."

Market opportunities

That altered outlook pushes the case, in the road transport sector, for wider implementation of user-pays schemes... provided that the political courage can ever be found: "User charging has been

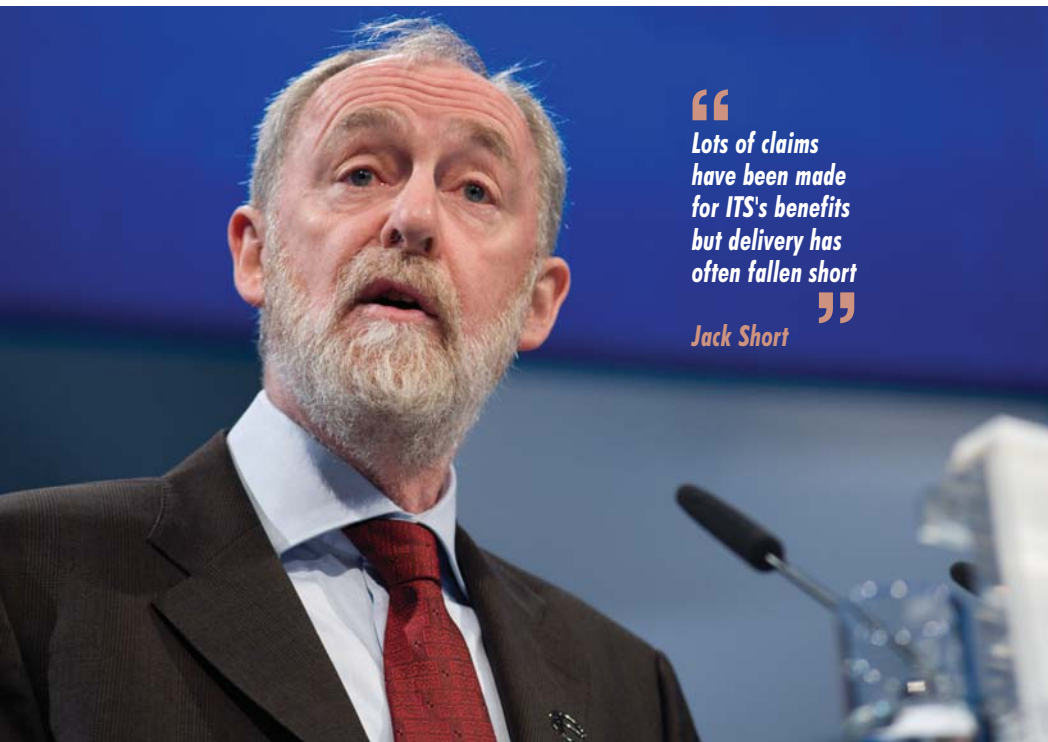
the message that ITS is a great enabler. I'd say, 'Get on and prove it!'; lots of claims have been made for ITS's benefits but delivery has often fallen short. Years ago, the public sector balked at the cost of public-private partnerships for cooperative infrastructures. In part, that's why some of the things which we demonstrated were technically possible in the DRIVE project 20 years ago are only now being commercialised. We need to look at why progress is so slow.

"The ITS sector needs to identify things with commercial value which can survive in the marketplace. Being innovative and bringing things to the market isn't about the technical. It's about publicity and marketing to all stakeholders. That's something which the International Transport Forum will be discussing in Leipzig in May next year." (See Sidebar, 'Transport & Innovation Forum'.)

Rather than focus on specific technologies at this stage, Short says that there should be policy drivers which influence rather than commercial considerations which dictate.

"We need to look at the challenges we face," he continues. "Casualty reductions are a major one. Technology can help there, as we've proven in the rail and aerospace sectors. The biggest challenge in coming years is how to decarbonise. There are behavioural and policy elements which can influence that but technology will be the biggest contributor. That's a fantastic opportunity and a major challenge to manufacturers.

"The ITS sector has often been accused of silo thinking. The broader questions and insights have sometimes been missing. We need to be bringing more of them into the mix." ■



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conveniently ignored the carbon penalty of vehicle manufacture, which negates any powertrain advances in the short term. Short is simply asking that politicians tell it as it is - if near-term, positive effects on the economy are the aim of stimulus packages, then that is perhaps reason enough for them to exist. The environmental claims for these schemes seem to be exaggerated. It will also damage public perception of environmental initiatives going forward.

Although transport projects have much that is positive to offer a resurgent economy, in terms of increasing safety, reducing congestion and improving the environment, the industry is going to have to get used to a very different budgetary landscape, he says.

"We're going to have to deal with the debt issue; when we look at public spending over the next decade, we have to ask where the money's going to come from. My gut feeling is that things are

advocated by experts for decades now and it's not all negative. There's an opportunity to reduce more of the fixed costs of transport and travel, for instance. Politically, however, it's been a case of one step forward and two back in many instances. I think more such schemes are inevitable and there are positive movements. More and more countries in Europe are adopting truck charging, for instance. The future of city charging schemes is less certain. It was expected that people would follow London's example but that hasn't happened. There's still plenty of discussion ahead there.

"There's always going to be a burden on the public sector to get best value for money. If continued spending is going to be a part of any exit strategy, then we need distinctions of where governmental intervention is actually going to be helpful. Otherwise, intervention may actually be harmful.

"A lot of people have been pushing

Transport & Innovation

The International Transport Forum 2010 on Transport and Innovation will take place in Leipzig, Germany 25-28 May 2010. Taking as its theme the need for transport to be innovative in its role as a driver of sustainable economic growth, the event will address a range of economic, social and environmental challenges, including efficiency, climate change and other environmental impacts, unemployment, and accessibility for persons with limited mobility. It will also address the issues of safety and security, and is expected to attract ministers, key decision-makers from industry, top researchers and representatives of civil society from more than 50 countries.
www.internationaltransportforum.org