FORUM 2009 • 26-29 May • Leipzig

TRANSPORT FOR A GLOBAL ECONOMY

Challenges and Opportunities in the Downturn

International Transport Forum

WORKSHOP 2 CONCLUSIONS

Social Impacts of International Transport

Tuesday 26th May 2009

Background to the discussions:

Globalisation has provided opportunities for growth in both high and low income countries. The benefits have not been evenly distributed within countries – this applies to countries at all levels of development – but GDP per capita is higher than it would otherwise have been. The growth accompanying globalisation has exacerbated inequalities in some countries but rapidly developing economies significantly narrowed the GDP-per-capita-gap with OECD countries over the last decade, at least until the onset of the credit crisis in 2008 which hit these economies hardest. Policies to address the distribution of wealth and employment are generally outside the scope of the transport sector, but transport policies can have an influence on regional equity and distribution of wealth. Liberalisation of transport services has increased efficiency and reduced costs in key transport markets but international competition remains controversial in some markets.

Conclusions of the workshop:

The workshop opened with a short presentation of the introductory paper by Arpita Mukherjee underlining the way transport improvements open opportunities in all basic domains of life in developing economies (health, education, training, emergency assistance, food,...). If accessibility is a way of fulfilling basic needs, at the same time it offers opportunities to all sectors of an economy for reaching new markets, incorporating technical innovations and benefiting from innovative organisational changes. All of them are the result of increased competition which is one of the strongest drivers for change and which also strongly contributes to economic growth.

However the outcome may differ between central regions and more remote ones (core – periphery). Whether dense well maintained infrastructure is available, which may not be the case in sparsely populated areas, is also an important factor. At the same time,

OECD

changes brought by increased competition have a cost when, for example, jobs are lost in more developed economies. Inequalities may as a result increase between countries and within countries.

The workshop underlined that the duality of these changes implied a strong role for governments: this concerns especially strategies for addressing regional disparities in infrastructure provision, education and training needs, the role played by fiscal incentives and price mechanism, compensation schemes for job losers.

A fair globalisation is a globalisation which offers opportunities for everyone. This also means granting, for example, the same kind of rights for workers. Otherwise, the basic motive for outsourcing will not be based on the most economically efficient organisation but on the least demanding one, in particular where it concerns fundamental rights. This is all the more true since wage differentials between regions tend to diminish rather quickly, which may reinforce the weight of all the other incentives for outsourcing.

For globalisation to yield its full benefits, markets have to be organised in certain respects, so that they function in a way which guarantees that the net result will be of overall benefit: working, environmental, safety regulations are needed as well as regulations to prevent competition from being distorted. Moreover, the private sector finds it easier to invest in mobile assets, leaving a critical role to the public sector for investment in fixed transport infrastructure. The present economic crisis offers opportunities for governments to shape the way things are developing: investing in part time training and working is a better strategy than paying redundancy allowances. Poverty relief is a clear priority for governments and, if not addressed, political stability may be in danger. The first to be hit by the economic crisis are migrant and unqualified workers, women, the young and the poor in developing countries more generally. Governments have to be aware of the risks these populations face in the economic crisis and be ready to support them.

Participants:

- Moderator: Maurice Bernadet, LET, Lyon, France
- Arpita Mukherjee, Indian Council on International Economic Relations
- Marios Meletiou, International Labour Office
- K. L. Thapar, Asian Institute of Transport Development, India
- Dan Ikenson, Centre for Trade Policy Studies, CATO Institute, Washington
- Maryvonne Plessis-Fraissard, Consultant, World Bank
- Andrea Kocsis, Ver.di Trade Union, Germany