

# SOLUTIONS Cambridge symposium

Economic Assessment of Transport Improvements

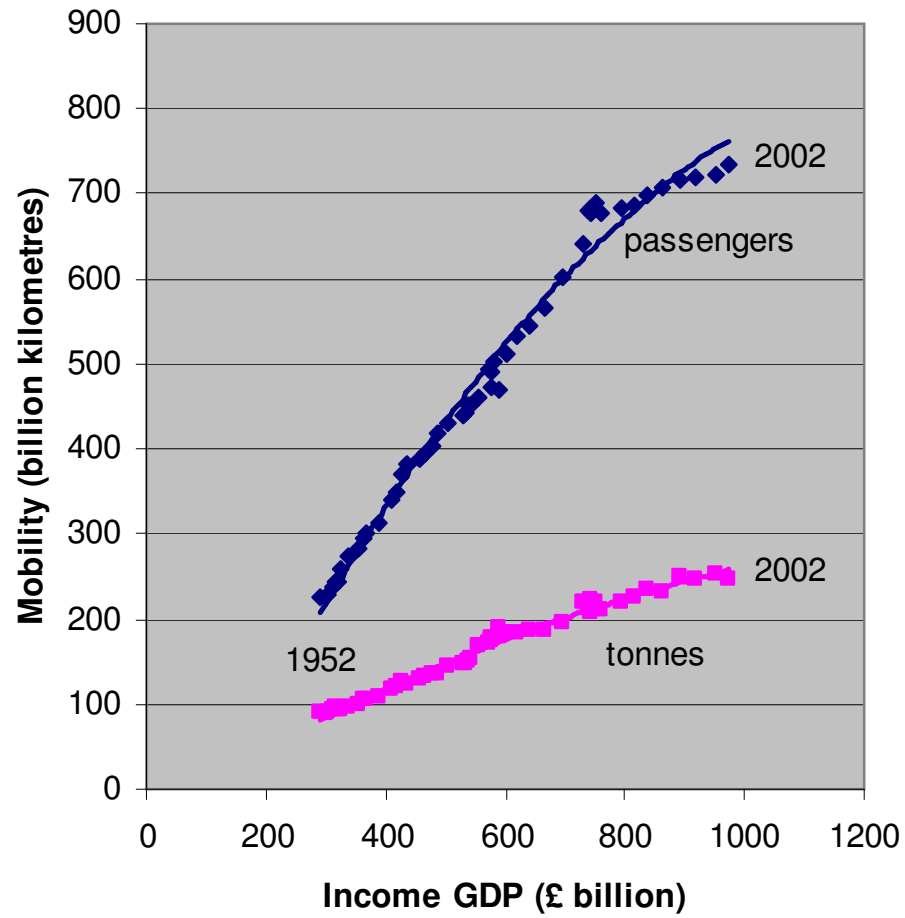
Marcial Echenique

15 December 2004

# Content

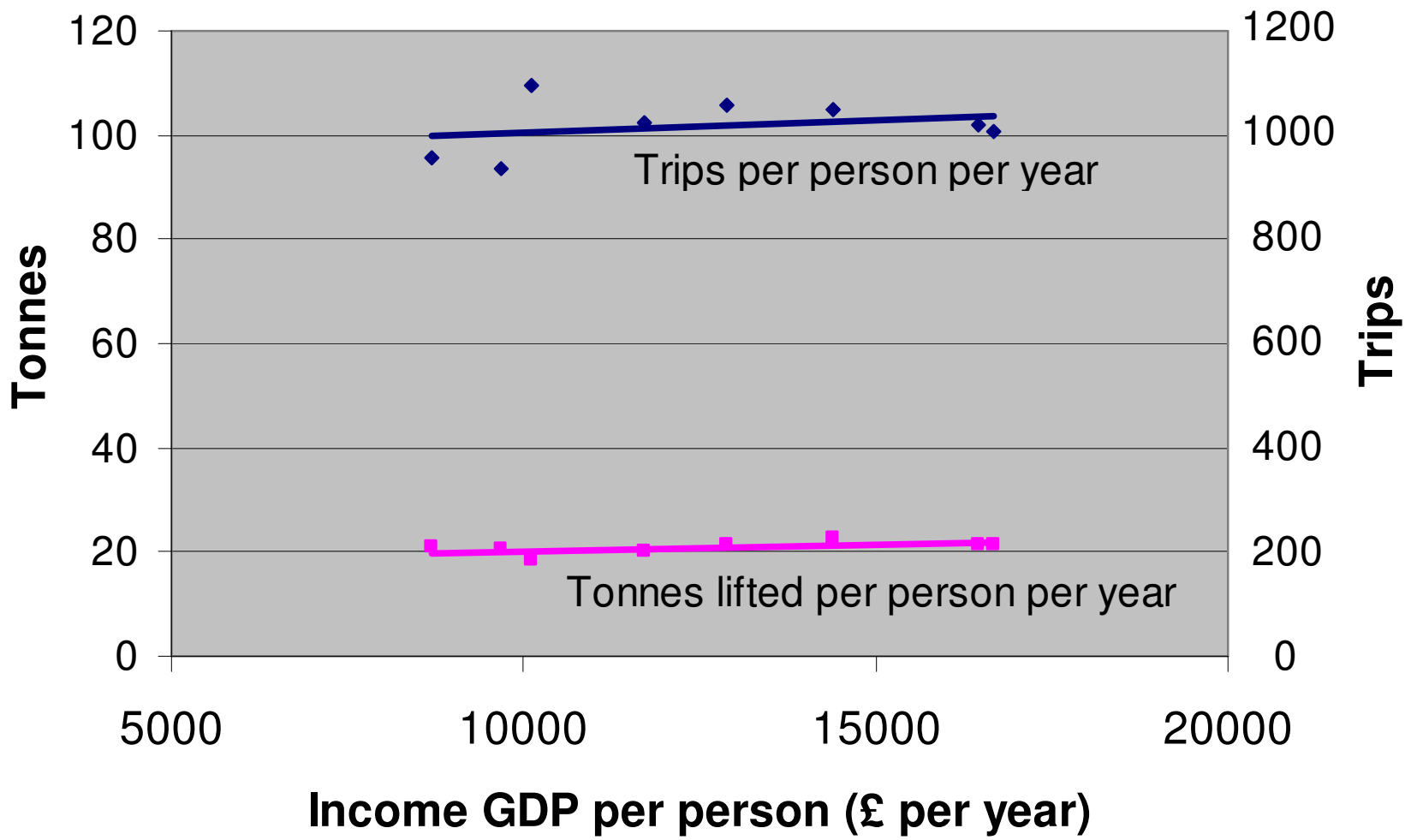
- Mobility and income
- Conventional assessment
- Improved method of assessment
- Conclusions

# Mobility and Income in the UK 1952 – 2002



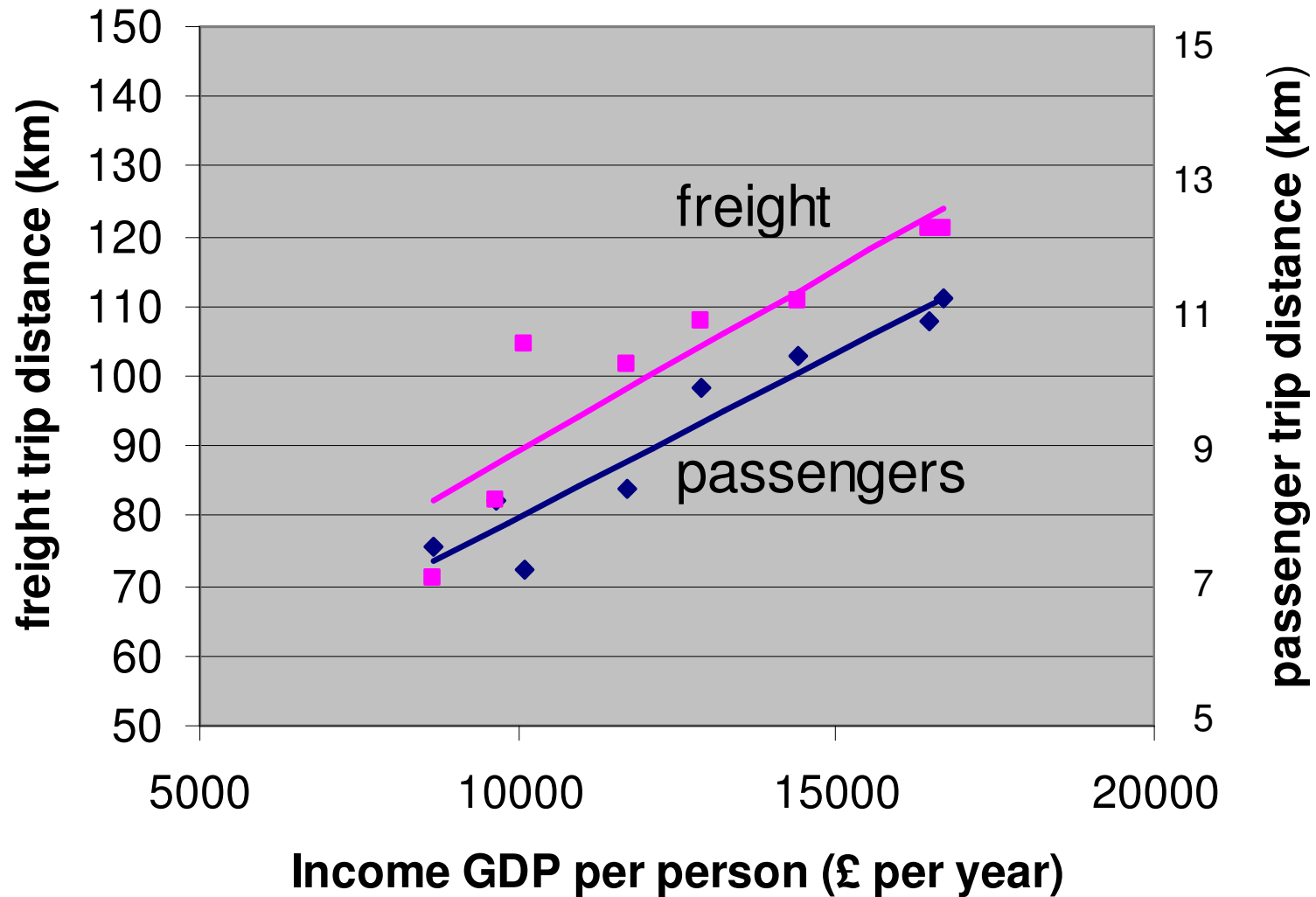
# Income, tonnes and trips generated per person per year

1972 - 2002

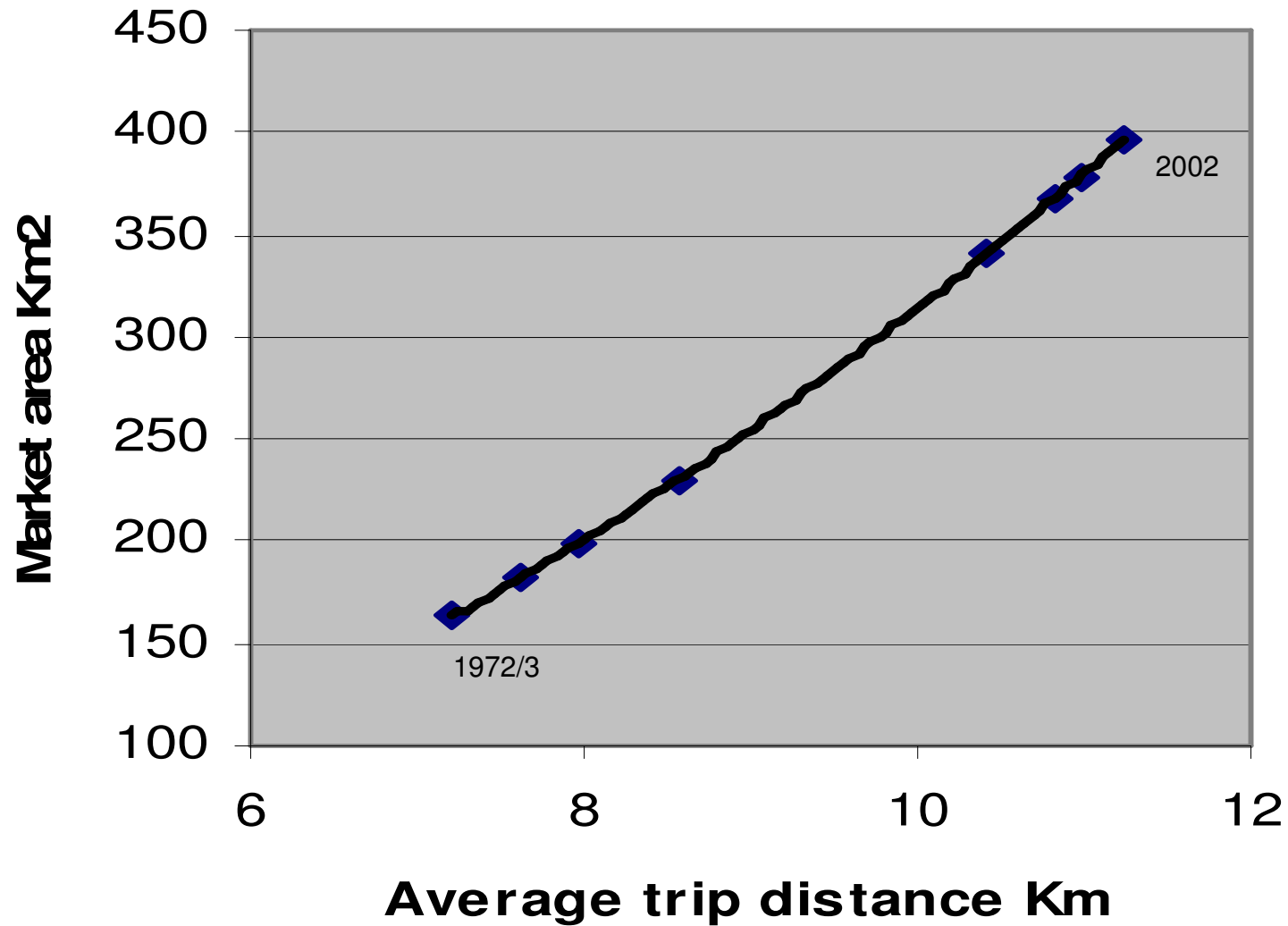


# Income, average freight and passenger trip distances

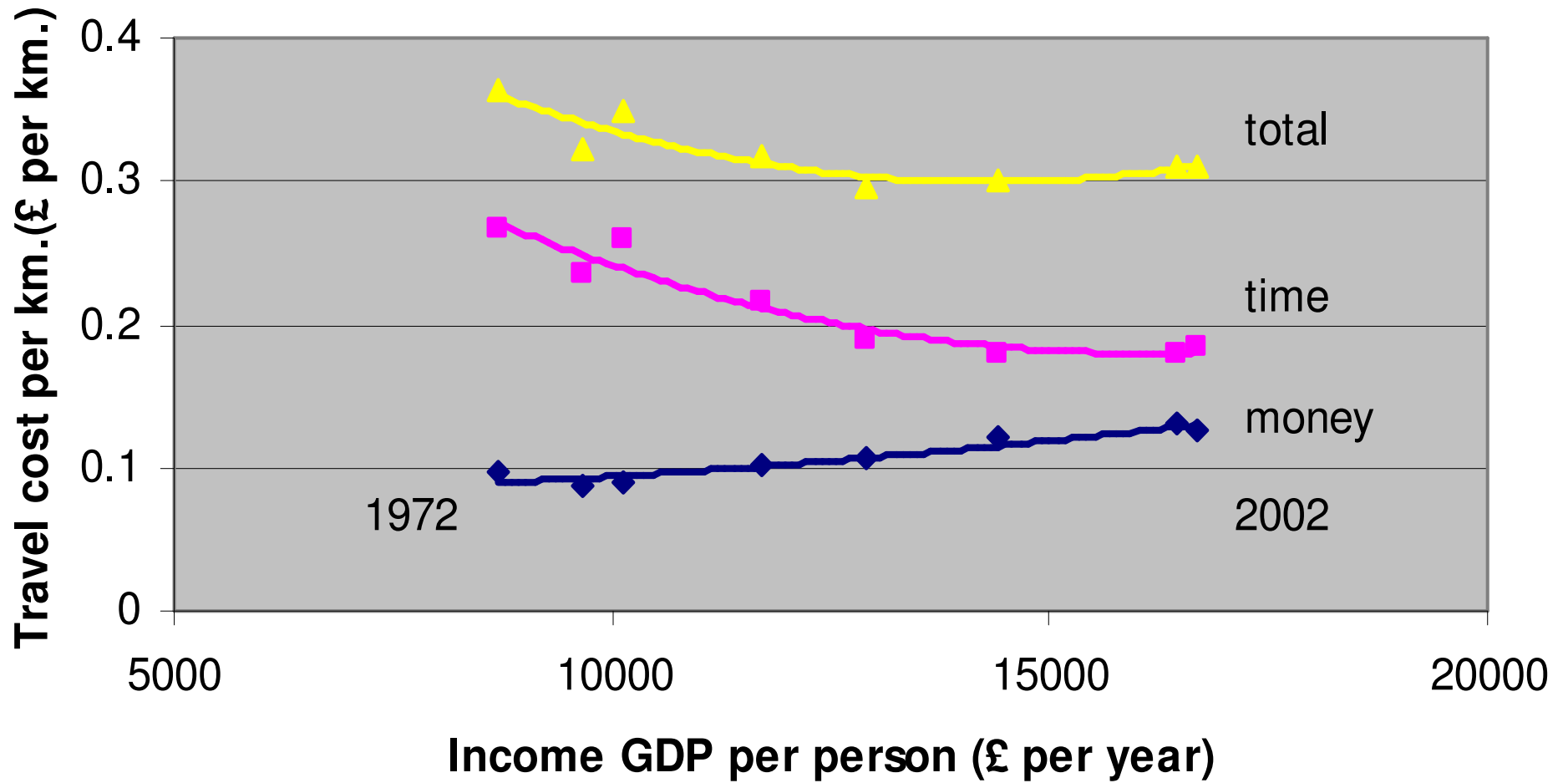
1972 - 2002



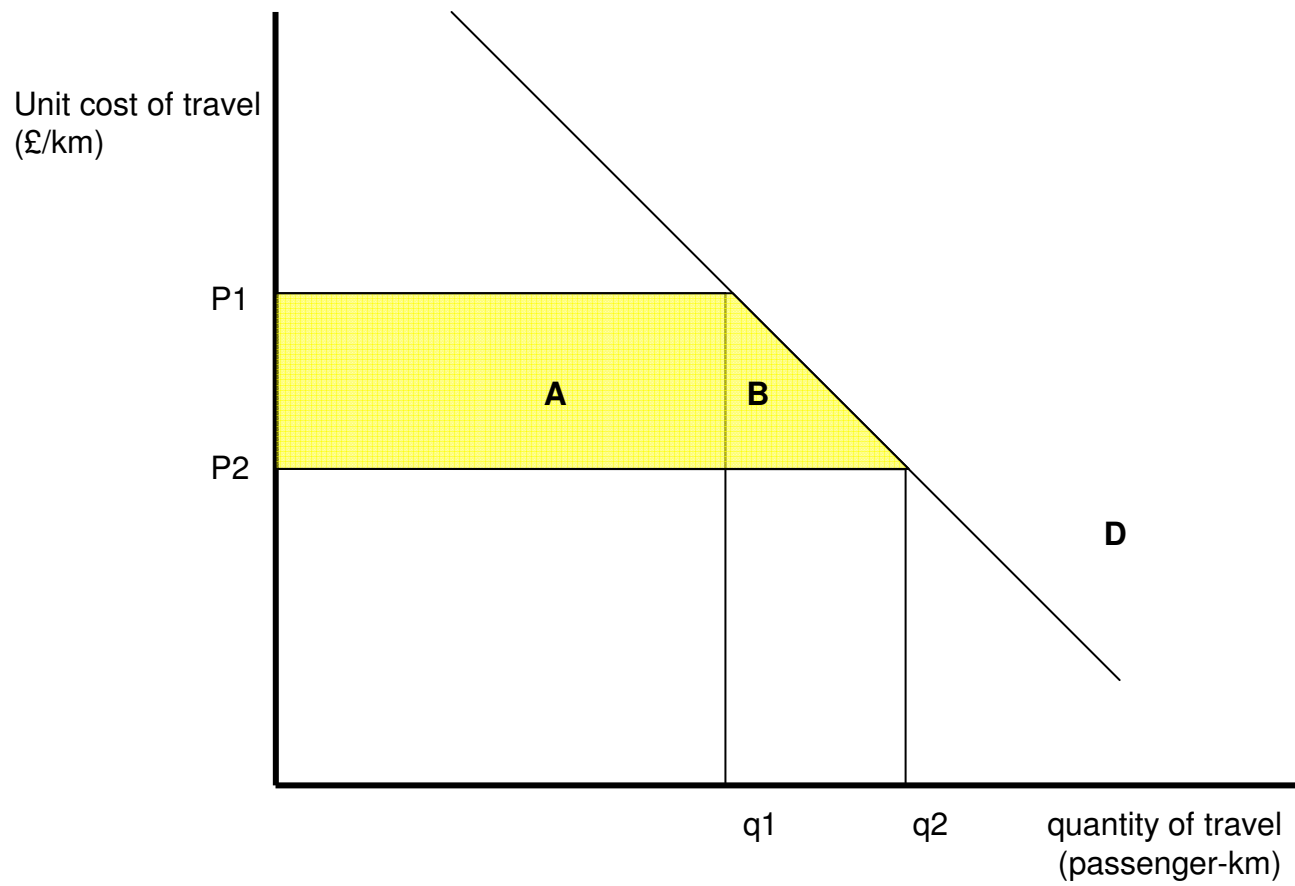
# Increase in passenger trip length and in market area 1972 - 2002



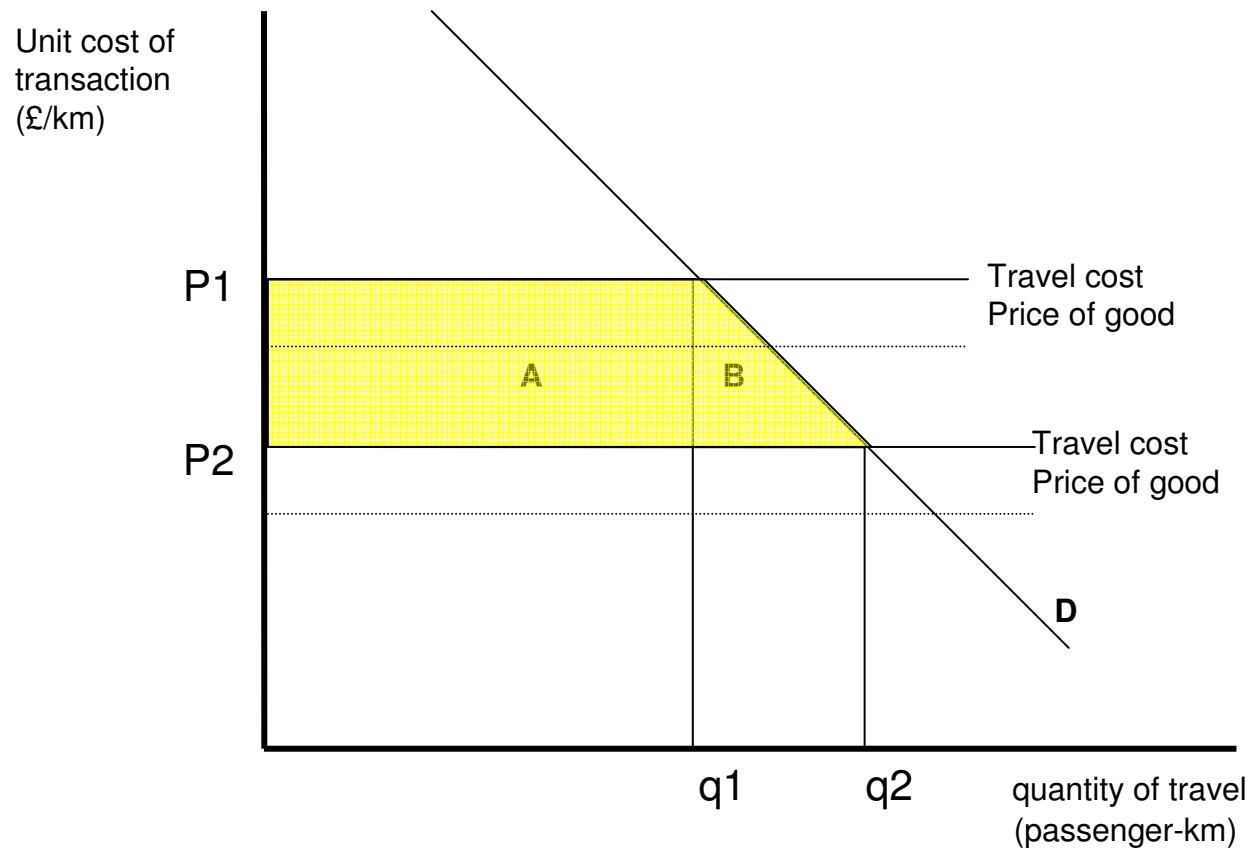
# Money cost, time cost and total cost per km. 1972 - 2002



# Conventional Assessment of economic benefits: consumer surplus



# Improved method of assessment: Transaction cost



# Conclusions

- Transport is a derived demand
- The benefit of a trip is obtained at the end of it
- Economic benefits should include travel cost plus the cost of the good or service obtained by travelling
- It is necessary for correct economic assessment to forecast the effect of transport changes on prices
- Models that are unable to do so will give partial and probable incorrect answers