

ITS SEMINAR

ROAD PRICING AND PUBLIC TRANSPORT: LESSONS FROM LONDON

Co-sponsored by the
Department of Economics
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Kenneth A. Small
Department of Economics and
Institute of Transportation Studies
University of California, Irvine

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12:00 noon - 1:30 p.m.

Room 408, Multipurpose Academic & Administration Building

Road pricing can enhance public transportation by increasing its speed and service frequency. I examine these effects with a model of local bus service in London's city center. The model focuses on four considerations: the cost savings to transit users and operators from reduced road congestion; the service improvements made feasible by increased ridership; the potential pass-through of operator cost savings as fare reductions; and the resulting multiplier effects on ridership and service offerings. I apply the model using data from the first few months of a February 2003 pricing program. Simulation results suggest significant effects even if pricing revenues had not been used to augment the transit budget as they were in London: a ridership increase of 11%, a service increase of 7% and user cost savings equivalent to 38% of the fare. Net benefits from these effects are equal to 39% of initial operator costs. These effects, but not the net benefits, are even larger in cities with more typical values for bus subsidies and initial modal share.

Ken Small is a professor of economics at the University of California, Irvine. He specializes in urban economics, transportation economics, discrete-choice econometrics and environmental concerns. Recent projects have focused on urban highway congestion, evaluation of toll-lane demonstration projects, measurement of value-of-time and reliability, effects of highway pricing on public transit, the role of fuel taxes in managing air pollution, and accidents associated with motor vehicle travel. He served for five years as co-editor of the international journal Urban Studies and is now associate editor of Transportation Research Part B. In 1999, he received a Distinguished Member Award from the American Economic Association's Transportation and Public Utilities Group. Last year, he received the Transportation Research Forum's Distinguished Transportation Research Award. Professor Small holds a Ph.D. in economics from the University of California, Berkeley.

