**PREP 3: Quasi Public Goods Research Project – Road Congestion**

**Introductory FACTS**

* British roads are the most congested in Europe according to a Nov 2016 study
* M25 between junction 15 and 16 worst area in the country
* 40% of gridlock occurs in London area.
* 2014 - study showed that drivers in London spent an average of 82 hours per year in traffic jams (highest figure yet)
* 2012 - Congestion estimated to cost UK economy £4.3 bn per year

**TASKS TO COMPLETE**

1. **Why is road congestion a market failure?**
	1. Use public good theory to explain this
	2. Use externality theory to explain this
2. **Why might we argue that markets can solve the issue of road congestion?**
	1. Can you think of examples where private firms could provide roads?
3. **How might the Government intervene to combat this market failure?**

Research the following interventions, explain what they are (history if possible) and then explain WHY they WOULD work.

1. Increase Supply of Roads

2. Government Provision of Public Transport

3 Regulations and Restriction (including Bus and cycle lanes, One way streets, Pedestrian areas, Park and ride schemes)

4. Changing market signals - extending existing taxes: Road Tolls, London Congestion Charge etc.

5. Electronic Road Pricing - Road Miles Allowance Plan (so called ‘road pricing’)

1. **Possible Government failures to these?**

It might be that you come across concrete examples OR you might just speculate on why the intervention would not work.

**Possible SOURCES AND IDEAS (to start you off – don’t JUST rely on these. Use the internet to search further**

1. **Increase Supply of Roads:** Godalming Flambards Way 1991, Hindhead Tunnel 2011, M6 Toll Road 2004
2. **Government Provision of Public Transport** through subsidies or nationalisation
3. **Regulations and Restriction** – bus and cycle lanes in London, Guildford Park and Ride Scheme?
4. **Changing Market Signals** – extending existing taxes (Road Tax?) (London Congestion Charge) [ARTICLE](https://www.economicshelp.org/blog/143/transport/how-effective-is-a-congestion-charge/) [ARTICLE](http://www.bbc.co.uk/news/uk-england-london-21451245)
5. **Electronic Road Pricing** – Road Miles Allowance Plan [ARTICLE](https://www.theguardian.com/business/2017/apr/27/aa-boss-shortlisted-for-wolfson-economics-prize-for-uk-roads-plan)