

Professor Nick Bosanquet A market approach to infrastructure



The current approach to infrastructure is descended from Adam Smith's dictum about lighthouses—projects which bring high social benefit in the long term but cannot be financed privately in the short term: but not all infrastructure planning is about mega projects. Underneath the Smith level we need a lower level of investment where the consumers of today count. The market approach to infrastructure would promote innovation, choice and delivery of lower cost services. It would deliver low cost rail services as we have low cost airlines.

The present policies are forcing up fares (now £50 return from Liverpool to York for example) to pay for the investment and there will then be further rises in fares (or subsidies) to pay for running costs. The fares resulting from these projects are never set out in advance. They will have to be very high which will mean little use beyond the corporate sector.

Official documents and even the recent independent LSE growth report have a blind spot on the one form of infrastructure which is used by low income people to get to work - the bus services. These have been in decline outside London. There is also a total ignorance about improvements for pedestrians even though improved conditions could assist mobility and health.

The ghost of Adam Smith has pointed us towards mega long term infrastructure projects rather than towards steady improvements at the margin delivering the services which consumers can actually afford and use. Ironically the improved UK growth record since 1980 has been the result of greater choice and competition in consumer led services such as low cost airlines and mobile phones. All too often the mega projects have to restrict choice and competition in order to pay for the services which they have chosen to provide. Times may change around the plans as has happened with the NHS hospital building programme. Some Adam Smith type projects will be with us – but we need a more consumer and community led approach which will deliver local improvements in the here and now. As a first step, City regions can develop local plans using their new found power.

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