Go-ahead for new inter-city trains

A new generation of inter-city trains should be built following an announcement by the the Department for Transport in March.

The department officially began the procurement process for what it calls the Intercity Express Programme, which will be Britain's "most significant investment in rolling stock for over 30 years".

The programme will determine the design of the next generation of inter-city trains, which will be introduced across the network in seven years time and will have a design life of 30 years.

The DfT is expecting to commission between 500 and 2,000 new vehicles, with deployment subject to costs and value.

A "pre-series" batch of the trains will be introduced first, to test them in regular service before production of the full fleet begins.

It is likely these pre-series trains will be deployed on the East Coast main line in five years time and have been included in the invitation to tender for the new East Coast main line franchise.

Transport Secretary Douglas Alexander said: "My department has led the way by specifying what we want to see in the next generation of inter-city trains – more seating capacity, improved performance, greater flexibility from our trains and recognition of the importance of being environmentally friendly.

"The rail industry and passenger groups have been involved in developing the work to this stage. It is now the rail industry's role to demonstrate what they can do to meet these requirements, and deliver these new trains."

Value for money "over the long term" is the DfT's main aim, followed by getting more passengers in.

The new design should be as flexible as possible so it can travel on as many routes as possible and be adapted for changes in use, demand, power and environmental requirements.

The trains are expected to be designed so they can be powered by diesel or electric and also by both. Hitachi is already testing a battery-diesel hybrid power car in Britain which was being unveiled to the public on 3 May.

Virgin has also been pointing out how environment-friendly its trains are, much to the annoyance of EasyJet. Virgin says Pendolino trains are at least four times less polluting than cars or planes.

It says Pendolino trains emit at least 76% less CO_2 than cars and planes and every weekday 50,000 bargain fares are available across the Virgin network. Pendolinos also return 17% of electricity used back to the National Grid every time they brake – enough power for 11,825 homes for a year.

SHAPE OF THE FUTURE? A Virgin Trains Pendolino at Liverpool Lime Street Picture: Virgin

How a free market can help build railways

Book review

Wheels of Fortune: Self Funding Infrastructure and the Free Market Case for a Land Tax by Fred Harrison, IEA, 2006.

The Institute of Economic Affairs is an influential "think tank" which promulgates market solutions to economic problems and is based in Westminster near the Department for Transport. Its books are always clearly written and refreshingly free from obscure mathematics.

The market has clearly failed the railways because total fares revenue does not reflect total financial and other benefits to the community, while for the competing roads there is still no proper pricing system at all.

Wheels of Fortune argues that the transport and property markets are linked, so land taxes based on the enhanced rents arising from infrastructure developments should be used to pay for new transport facilities.

An alternative is for the railway to own the surrounding land. In economic jargon this is called internalising externalities.

Japan is cited as an example of how to induce positive trade-offs between land ownership and railways. Nineteenth-century British railways were banned from benefiting from similar arrangements.

An exception was the Metropolitan Railway which side-stepped constraints by inventing a subsidiary property company.

This book is important following a rediscovery of Alfred Marshall's agglomeration economics* by the Treasury which is leading to a fresh look at urban transit systems such as Crossrail.

The emphasis in the Eddington Report on conurbations ought to inspire railway advocates to come up with S-Bahn style improvements for our big cities.

Unfortunately, the reception of this work by mainstream academic economists may be muted. This is because land taxes in the past have been the playground of political cults such as the Henry George "single tax" movement. All the more reason for railway experts to get hold of a copy of this book, think about its applications and debate its consequences.

If for instance, travel facilities spur property development, why is a property developer being encouraged to destroy the Central station in Lowestoft?

The book does not address the rural railways issue directly; but the author wonders whether a full accounting of Japanese loss-making local lines might demonstrate a fall in land values, were those lines to close.

As always there are contrary arguments. One is that synergy between property development and railways could damage fragile townscapes. For instance, tower blocks are inserted into beautiful cities (the so called Manhattan effect) to justify grandiose schemes.

This probably depends on circumstance. Concentration around underground stations works well in Toronto, where the cityscape is pleasing to the eye, but would obviously not work in the case of, the Cambridge terminal loop which was once proposed. This, if the bus nuts have their way, will now be a hydrogen-powered busway off the St Ives route, always assuming that the St Ives busway does not, like the downtown Essen busway segment meet an early demise, following spectacular crashes.

Who knows, we might even see the arrest of councillors and maybe even charges of wilful negligence and corporate manslaughter.

To conclude, this book is a fresh look at transport economics from an unusual angle.

Friends of the sprawl (such as Thames Gateway), that stems from traditional road transport planning based on under-priced spatial resources, will find much in it to disturb their complacency.

■ The book is available by mail order at £12.50 from IEA, 2 Lord North Street, Westminster, London, SW1P 3LB.

* See Fujita M and Thisse JF, *Economics of Agglomeration*, Cambridge University Press 2002

Crossrail

The Department for Transport has warned that London must put up more of the £15billion needed for Crossrail. But business group London First said: "Crossrail eventually will pay for itself. The difficulty is how you fund it during construction."