

A two-way traffic?



Professor Frank Peck of the University of Cumbria's Centre for Regional Economic Development writes for in-Cumbria on the big issues of the day and the economic data behind them. This month, road investment in Cumbria

The Chancellor, Philip Hammond, has unveiled his plans for the economy in the 2016 Autumn Statement. A significant element in the strategy included an announcement to boost spending on infrastructure to support the UK economy. Cumbrian interest has been aroused by the inclusion of plans to complete the "dualling" of the A66 between Scotch Corner and Penrith. The justification for this prioritisation is no doubt related to the current emphasis on north-south connectivity and potential criticism that east-west routes are being overlooked. This announcement shows that government recognises the need to invest in east-west connectivity in the north of England.

It is poignant to note, however, that while an upgrade of the A66 east of Penrith is included as a medium-long term priority in the Infrastructure Plan of Cumbria Local Enterprise Partnership, it is not the most critical aspect for road investment in the county. It is the east-west routes within Cumbria that are considered more critical for attracting investment and supporting business growth. These "intra-regional" routes include the upgrade of the A595 connecting Carlisle to West Cumbria and associated investment in the Southern Link Road around Carlisle. Further enhancements to the A590 from the M6 to Barrow are also highlighted to support expansion of subsea technology, advanced manufacturing and pharmaceuticals in the south of the county. As for the A66, the most critical aspect within Cumbria concerns connectivity from the M6 to the West Coast.

So what benefits might improvement to the A66 route across the Pennines bring to the economy of Cumbria? It is



The A66 bypass at Temple Sowerby, opened in 2007, is one of the dualled stretches

certainly the case that reduced travel times across the Pennines will benefit some Cumbrian businesses. It may increase the prospects for firms to access markets in the east of England and also attract skilled labour from the wider north of England through its effects on commuting. But traffic flows two ways and inter-regional transport improvements can have both centralising and decentralising effects. It could make it more efficient, for instance, for firms located outside Cumbria to compete for business within the county. Inter-regional transport improvements will undoubtedly benefit locally based businesses involved in logistics but equally it makes it possible for firms based elsewhere to pass through Cumbria more efficiently.

What this tells us is that the effects of transport improvements on growth are complex and contingent on a whole host of other factors that might influence the way in which growth and development become embedded in particular localities. Measuring the effects of transport investment on growth has proved notoriously difficult. However, a recent study* of changes in the UK transport system 1998 to 2008 uses multivariate

statistical techniques to suggest that a 10 per cent improvement in accessibility tends to be associated with a 3 per cent increase in the number of businesses and employment within 30km of the site of improvement. Also, it suggests that the benefits to local economies are mainly associated with new firm entries rather than the growth of existing firms. This is a useful finding – it suggests that investment in transport infrastructure builds business confidence in an area. It makes it more likely that new businesses will be attracted and existing ones retained through re-investment decisions.

While this appears to be a valid generalisation, it cannot be assumed that this will occur in all individual cases. Road improvements in isolation can have unpredictable and unintended consequences if they are not implemented as part of a plan for investment in other forms of physical capital.... and this argument, of course, can be extended logically to investment in education, skills and human capital. ¹⁶

*Gibbons S, Lyytikäinen T., Overman H and Sanchis-Guarner R (2012) New Road Infrastructure: the effects on firms Spatial Economics Research Centre, London School of Economics and Political Sciences. Discussion Paper No 117.

'It is the east-west routes within Cumbria that are considered more critical for attracting investment and supporting business growth'