

# IMPLEMENTING CONGESTION CHARGES: EFFICIENCY AND ACCEPTABILITY

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## ABSTRACT

Recent economic research on urban traffic congestion strengthens the already solid case for congestion charges as an element of a successful urban transport policy. Examples of real-world congestion charging systems remain few and a number of plans for charging systems have been rejected by referendum or withdrawn ahead of elections. What can be concluded about the practical potential of congestion charging elsewhere?

This paper draws lessons for the design of charging systems from successful and less successful attempts to introduce them. It draws on discussions at a recent meeting of experts organised by the International Transport Forum<sup>1</sup> and examines the political economy of congestion charging. It finds that technology is not an obstacle to efficient charges, so long as technologies serve policy purposes rather than define them. Nevertheless, charging systems are not cheap and thus should only be used where congestion is severe. Large scale charging schemes may therefore be counterproductive in many places.

Public acceptance is critical to successful implementation. For acceptance, congestion has to be visibly reduced from the first day of charging. This militates against any gradual phasing in of charges. It also suggests that referenda on the merits of charging are much more likely to be positive after a successful trial period than in the run up to introducing charges. Acceptance also requires transparent use of revenues; but revenue neutrality is a mistaken objective, irreconcilable with reducing the large external cost of congestion where it is severe.

Although environmental benefits and careful deployment of toll revenues may improve acceptance, a charging system should never lose sight of its principal aim, which is to reduce congestion. Congestion charges can be part of a package of measures to make transport taxes more efficient and equitable, but a single instrument is unable to deliver fully on all counts. Confusing objectives can be fatal to congestion charging schemes and there are cheaper ways, for example fuel taxes, for raising revenues or reducing CO<sub>2</sub> emissions.

## REFERENCES

1. ITF 2010, Implementing Congestion Charges, Roundtable 147, OECD Publishing 2010.