

Book Review:

Gust Blauwens, Peter de Baere and Eddy Van de Voorde *Transport Economics*¹

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Academic interest in transport economics waxes and wanes. It was initiated (at least in its modern form) in France in the 1840s and 1850s to handle issues of investment and pricing of transport infrastructure. The advent of the railways raised challenges of monopoly power, regulation and, in some countries, appropriate ownership. The internal combustion engine brought with it initially economic questions associated with traffic congestion and more recently concerns with environmental degradation. Regulation issues returned to the forefront from the 1980s as new approaches to economic regulation emerged and as there was increased interest in making fuller use of market instruments. Overlapping this, the globalization of trade and the formation of trade blocks such as the European Union has led to a more detailed look at the role transportation plays in the economic development process.

All these themes are covered to a lesser or greater degree in this book. Although the focus of interest, and core of transport economics has changed over time, as the Nobel Prize winning economist George Stigler pointed out in his biography, old ideas and theories never really fade away. But the book does, as all books must to titillate new readerships, have some useful and interesting niche features. In particular, it puts much more emphasis on the importance of linking transport economics and logistics.

¹ Blauwens, Gust, Peter de Baere and Eddy Van de Voorde
Transport Economics
Antwerp: Uitgeverij De Boeck
2002
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475 pages

While the coverage is fairly comprehensive, the focus on the logistics aspects of transport economics does mean that some other areas are given slightly terser treatments than is the norm. In particular, many of the concepts and techniques that are widely used in engineering economics (such as infrastructure investment techniques) are not given full coverage. There is also scant coverage of the political economy and institutional aspects of transport economics. Whilst transport economics texts up until the 1970s were, perhaps putting it generously, preoccupied with institutions, the shift over to an almost abstract neo-classical exposition and management economics after two brief introductory chapters, would seem to leave those new to the field with very few contextual reference points. The later chapters refer to policy but put a strong emphasis on problems and instruments and little on the normative issues involved in the selection of instruments. What institutional detail there is, focuses almost exclusively on the European situation which may give readers a false impression of situations elsewhere. It will also limit the usefulness of the book in developing countries that have perhaps the most severe transportation challenges.

The volume is essentially divided into four parts. The first is mainly descriptive of transport systems and of the regulation of the European network. The descriptive chapter rather strangely gives a lot of physical data on the European transport sector that may interest an engineer or planner, but surprisingly for the book's title, very little economic material. The data are of tons and passengers rather than revenues and costs. The regulatory chapter, while useful to those familiar with the European Union's institutions and their roles and powers, unfortunately throws the uninformed into something of an institutional Black Hole. It also offers little by way of theories of economic regulation, and this is not covered very thoroughly elsewhere.

Section two looks at transport from a managerial perspective – and this is different to many other economics texts. It is thus an important contribution. The reviewer would like perhaps to have seen a little more pure management theory – after all transport has many common traits with other activities – and also a little more linking logistics with more conventional economics. There is a tendency in the management literature to treat logistics as somehow outside of the realm of transport economics and the authors have missed the opportunity to dispel this impression.

Parts three and four of the volume are more like a number of other textbooks on transport economics and deal respectively with matters of wider impacts of transportation and more limited transportation topics such as congestion, subsidies and investment. The material is clearly presented and should offer students useful guidance, although I am not sure I would go all the way with the cover blurb that describes the material as “a must for anyone involved in the ongoing political debate on mobility”.

This overall framework is not without its difficulties. There is an uncomfortable shifting between levels of aggregation and between the actions involved. For example, we start with the big picture then move down to logistics management at the company level, back up again to the macro dimensions of transport, and then political decision-makers, albeit in a rather technical way. Individually the sections have merit, but the wider structure may have been better thought through.

The audience of the book is not made clear by the authors, but it would certainly be a useful text for advanced undergraduate courses and for post graduates, and in particular for those taking an MBA with a significant logistics component. The exposition is mainly textual with worked examples. The mathematics is largely in the form of final equations. This gives it the

feel of a handbook, which is not a criticism. The lack of derivations though, perhaps limits its use at the graduate economics level. Nevertheless, the book is an important addition to the literature on transport economics, and is especially important because it provides an instrument for those who are teaching transport economics in business schools.