



# Transport policy for a post-Covid UK

EPRG Working Paper 2024

Cambridge Working Paper in Economics 2081

**David Newbery**

## Abstract

Transport policy needs reform. Future Government investment and fiscal policy needs re-orienting to stimulate the economy after the Covid-19 lock-down. Prices used in project appraisal must include all external effects, committing to proper social cost-benefit analysis. In consequence, fuel duty rates need to be more than doubled as a prelude to proper road pricing. Transport investment needs to be increased even with proper road pricing and more allocated to walking and cycling, guided by benefit-cost ratios, following Eddington's recommendations. The paper gives five reasons for raising fuel duty rates, more on diesel than petrol, and estimates the desired levels.

**Keywords** Transport policy, fuel taxes, road pricing, road investment

**JEL Classification** D62, H23, R41, R48

Contact	<a href="mailto:dmgn@cam.ac.uk">dmgn@cam.ac.uk</a>
Publication	September 2020
Financial Support	N/A