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How to model the gains from infrastructure investment?

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Productivity and population growth in Western Europe



Quality-adjusted price of a new car in Switzerland





A shrinking world



Steam ship and locomotive, 1840 - 1930



Propeller aircraft, 1930-1950



Jets, from 1950



Shrinking "road" – Switzerland (1950)



Stunde 1

Shrinking "road" Switzerland (2000)





10km x 10km Raster

Size of goods markets and productivity: A hypothesis



Von Thünen's model of land use for the isolated city



Distance from market

Short-term benefits and costs after an improvement

Public	Private	Firms	Land owners
	Lower travel times Higher reliability Smaller scheduled delays	Lower logistics costs	

Medium-term benefits and costs after an improvement

Public	Private	Firms	Land owners
Higher externalities Higher maintenance costs Higher transit subsities Larger fuel tax receipts	Mode choice change Higher VMT Larger selection More out-of-home activities Higher travel expenditures	Changed customer structure	Changed (higher) imissions

Long-term benefits and costs after an improvement

Public	Private	Firms	Land owners
More competition More innovation Higher growth More social capital	New residential location Better job match Higher incomes Lower consumer prices Lower transit supply More stable social networks	Better match of employees Higher productivy More competition for employees and customers	Higher land prices

Indicator	Elasticities w/r accessibilitity	
	Short term	Long term
Share of out-of-home		0.61
Number of trips	0.37	0.44
Number of trips / journey	0.07	0.24
Time out-of-home	-0.23	0.10

Elasticity of productivity with respect to "mean distance"

Sector	Elasticity
Industry	0.070
Service	0.197
All	0.129

Firms:

- Not enough capital/cash flow to expand/adapt
- Not enough expertise to innovate/adapt

Individuals:

- Not enough education to adapt
- Not enough savings/cash flow to adapt
- Not enough degrees of freedom to adapt
- Loss of "vicinity"
- Loss/increased generalised costs of the vehicle-less option



Research questions for MiniStadt: An agent-based model

• Can you capture the total benefits with travel time savings alone ?

- Construct the simplest necessary model
- Find plausible parameter set
- Experiment with various degrees of freedom of adaptation

MiniStadt: Form (including additional link S7)



1000 agents returning home

- Work locations (1)
- Residential locations (3) with 600 homes each
- Time slots (24 of 5 minutes)
- Connections/routes (15/17)

Systematic utility of a connection:

$$V_r(r,t,j) = \beta_a T_r$$

Systematic utility of a departure time:

$$V_t(\tau) = \alpha SDE(\tau) + \gamma SDL(\tau) + \delta d_L$$

Systematic utility of a residential location:

$$V_d(j) = e^{\lambda \frac{A_j}{Q_j}}$$

Four experiments starting from RTD before equilibria:

- Connection (R)
- Connection * time (RT)
- Connection * destinations (RD)
- Connection * time * destinations (RTD)

Experiment	В		С		D	
[%]	High	Low	High	Low	High	Low
RTD	76	8	9	59	0	15
RT	82	6	3	64	0	12
R	82	6	3	64	0	12
Before	82	6	3	64	0	12

	ΔRTD	ΔRT	ΔR
∑Travel time [min]	-1187	-1647	-1505
∑Travelled distance [km]	874	0	0
Accident costs [sFr/a]	-479'100	-472'700	-154'500
Traffic noise costs [sFr/a]	9'800	4'600	2'400
Air pollution costs [sFr/a]	26'500	13'600	7'200
Climate costs [sFr/a]	5'700	2'700	1'400

	ΔRTD		ΔRT		ΔR	
Δεμυ		303		167		159
∑ External costs		-437'100		-451'800		-143'400
ΔV_{routes}		69		111		103
ΔV_{time}		74		53		-15
$\Delta V_{destination}$		133		-		_
∆Realised utility		276		165		87

- Enrich the models
 - Add time, location choice (and reliability impacts)
 - Build full land user transport models
- Add better estimates of productivity gains

- Adopt (monetarised) EMU as measure of user benefit
- Improve CBA practise (risk analysis, in particular)

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Appendix

- 1. Load the initial conditions and set the number of iterations n = 0.
- 2. Calculate M, the number of agents deciding, as number of agents/(n + 1)2.
- 3. Sort the agents in descending order of their maximal potential utility gains.
- 4. Randomize the order of the M agents with the highest potential utility gains.
- 5. Let these agents decide one after the other and update the network after each decision.
- 6. Update the utilities across of all possible choices for all agents (choice set).
- 7. Calculate the maximal potential utility gain for each agent.
- 8. Calculate the system-wide statistics
- Return to step 2 as long as n < 20 or sum of potential utility gains ≠ minimum of potential utility gains in the preceding iterations. Also stop iterating if no agent finds a better alternative, oscillation occurs, the maximum number of iterations is reached.

Number and type of activities Sequence of activities

- Start and duration of activity
- Composition of the group undertaking the activity
- Expenditure division
- Location of the activity
 - Movement between sequential locations
 - Location of access and egress from the mean of transport
 - Parking type and location
 - Vehicle/means of transport
 - Route/service
 - Group travelling together
 - Expenditure division

Social network geography Social commitments Amount and type(s) of occupation

- Working hours
- Work location(s)
- School location
- Home location
 - Mobility tools
 - Discount cards
 - Season tickets
 - Vehicles (by body type, fuel, energy efficiency)

- Network links and capacities Housing Office and factory space Firm structure and size
 - Logistics system choice
 - Production technology and scale
 - Public transport lines and service frequeny
 - Firm location(s)
 - Distribution channel(s)
 - Service points (stops and stations)
 - Prices

Change in:

- Travel time
- Reliability
- User operating costs
- VAT income change of public transport firms
- Accidents
- Noise
- Emissions (local and global)
- Soil sealing
- External costs of energy use for infrastructure operations
- Landscape impacts