Summary

One of the recommendations of the National Forum for Alternative Payment for Mobility *[Nationaal Platform Anders Betalen voor Mobiliteit]* ('the Nouwen Committee') is that market players should be given a greater role in road management. Safeguarding public interests is key in determining this role. This report considers public interests, and how to protect them, from theoretical and practical standpoints. It also indicates how this knowledge can help in determining the best way to organise road management.

The central question in this study is:

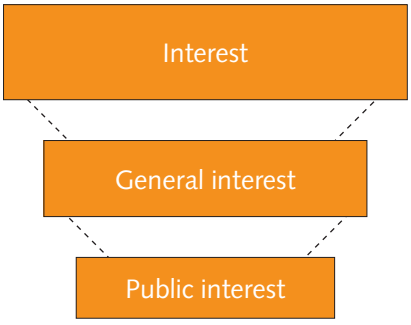
How are public interests defined and safeguarded in road management in practice, and how does this compare to the theory?

Funnel of interests

Most people are able to form an overall idea of the terms 'general interest' and 'public interest', but it becomes more difficult when they are asked to identify the fundamental difference between the two terms. We use a 'funnel' to make it clear that these terms indicate two levels of interests (see the figure below). In this study we use the following definitions:

- an *interest* is any matter to which people pay attention because it is advantageous for them to do so;
- a *general interest* is any matter that involves an advantage for the whole of society;
- a *public interest* is a general interest that requires government involvement. There are several opinions as regards the question of which general interests are also public interests.

Figure 1
Interest funnel



Public interests in economic and public administration visions
The most significant difference between a general and a public interest, in both the economic and public administration visions, is that the government should be involved in public interests. Another similarity is that both approaches recognise that the specific details of which interests are public can change over time and depend on the context. The table below lists public interests according to both the public administration and economic visions.

Table 1
Public interests according to the economic and public administration visions

Public administration vision	Economic vision
Intrinsic / road user	
Availability	Not considered public interests
Capacity	
Accessibility and speed	
Reliability	
Affordability	
Quality and comfort	
Safety	
Robustness and flexibility	
Aesthetic experience	
Intrinsic / society	
Accessibility of existing work, residential and recreational locations	Not considered public interests
Accessibility of new work, residential and recreational locations	
Use of space	Not considered public interest
Aesthetic experience and barrier effect	Aesthetic experience and barrier effect[a]
Noise nuisance	Noise nuisance[a]
Harmful exhaust emissions	Harmful exhaust emissions[a]
External safety	External safety[a]
Process-based	
Effectiveness	Effectiveness[b]
Efficiency	Efficiency[b]
Flexibility	Flexibility[b]
Creativity and innovation	Creativity and innovation[b]
Equality	Distribution
Transparency and openness	Careful management is a pre-condition, not a reason, for government intervention
Democracy	
Reliability and confidence	
Carefulness	

[a] external costs

[b] market power can be an obstacle

The economic vision employs a stricter differentiation between general and public interests and consequently considers fewer interests to be public than the public administration vision. The difference arises from the definition of public interests. *The public administration* approach defines public interests as "…that which the broader public or society expects, or believes they or it can expect …". Efficiency is the basis in the *economic* vision: interests can best be served by those parties that are in the best position to do so in terms of costs and prosperity. Many economists believe in principle that the best position is occupied by 'the market', i.e. the totality of transactions between private parties. When economists talk about the *failure of the market*, they mean that the market is no longer by definition the most efficient way of serving interests, and government intervention is a possibility.

Reasoning from the standpoint of the government as road manager, the public administration vision provides a category of public interests that relate to the use of the road:

- Availability;
- Capacity;
- Accessibility and speed;
- Reliability;
- Affordability;
- Quality and comfort;
- Safety;
- Robustness and flexibility;
- Aesthetic experience.

Economists recognise these interests, too, but do not consider them to be public interests because it is quite possible to allow private organisations to act as providers of 'roads as a product' in return for a fee. The cost of access to a road and the road's capacity then have as little to do with the public interest as the cost and taste of biscuits.

Both economists and public administrators consider the effects of road use on the environment to be a public interest. Whilst the most obvious example is emissions, pollution of the horizon and division of the countryside are also included. Congestion has a similar effect, but it differs from the others insofar as road users, as in the case of road traffic accidents, hinder each other, and not so much their environment.

The public administration vision is also different in the so-called process-based public interests, which relate to the interaction between

governments, the business sector and civil-society organisations. Some of these interests, such as transparency and democracy, are closely related to the political and legal principles of good governance. Others, such as efficiency and innovation, refer rather more to sensible spending of public resources, the need to create added value in interactions between parties or the delivery of a sound end result.

For economists, these interests are either pre-conditions (good governance) or indications that the market is working properly (efficiency). However, if market power is exercised, interests such as efficiency and innovation can be threatened, and these are then public interests.

Interests safeguarded, according to economists and public administrators

The public administration and economic visions both emphasise the need to safeguard the defined public interests. Each approach uses specific instruments to do so. The public administration vision uses three safeguards, namely hierarchical regulation, interaction and competition. The economic vision uses regulation, persuasion, financial instruments and public production.

The public administration term 'hierarchical regulation' and the economic term 'regulation' have a lot in common. The difference is that the public administration vision puts the emphasis on the formal legal aspects, whereas the economic vision emphasises the regulatory nature. Enforcement of regulations is predominantly hierarchical in nature. Regulations sometimes arise partly through interaction with the parties concerned.

There are fewer similarities between the two visions as regards 'competition' as a safeguard. Whilst both economists and public administrators regard competition as an instrument for safeguarding interests, economists consider the successful use of this instrument to be a reason for not labelling the interest as a public interest.

The economic safeguard 'public production', on the other hand, is less visible in the public administration vision, partly because economists tend to see the government as a single entity that serves public interests. Public administrators also recognise the need to safeguard public interests in the relationship between the various government agencies, and therefore do not regard public production in itself as a safeguard, preferring instead to look to hierarchy and interaction between government agencies.

Policy in practice

Throughput, safety and the environment are the common themes in the majority of policy documents as regards implicitly or explicitly addressing public interests. These three public issues form the principal part of the aforementioned interests, including at local government level and in the business plan drawn up by the Directorate-General for Public Works and Water Management *[Rijkswaterstaat].*

'Throughput', 'safety' and 'environment' are also named as public interests in the public administration vision. Throughput is not considered a public interest in the economic vision, but safety and the environment are.

Therefore it appears that the implementation of policy on this point is in line with both visions, except for the question of whether throughput (or accessibility) is a public interest. Opinion is also divided in this regard in the political arena.

The changing importance of different public interests is also apparent in the implementation of policy relating to road infrastructure. The relative importance of throughput has increased over the last fifteen years. Policy as implemented in practice confirms the public administrators' stance that qualifying as a public interest and the relative importance of different interests can change over time, as well as depending on the context and people's point of view. This also applies from an economic perspective. However, economists argue that general interests can only be referred to as public interests when the market fails. Nevertheless, this consideration is not always applied in practice.

In practice, a varying set of instruments is used to safeguard interests. Over the last fifteen years the emphasis has shifted towards market-based instruments. For example, the role of competition and financial incentives has increased in road management. There is also more interaction between the various road managers and regulations have been extended or tightened in relation to external effects.

There is continuing pressure from politicians and society to extend to the dividing line between 'doing it yourself' and 'leaving it to the market'. Policy is aimed at moving activities to the market wherever it is possible to create functional specifications and control output. Where this is not possible and continuing interests have to be considered, the government itself directs the situation. However, in spite of such efforts,

public execution of contracts is still the dominant safeguard mechanism in relation to road infrastructure.

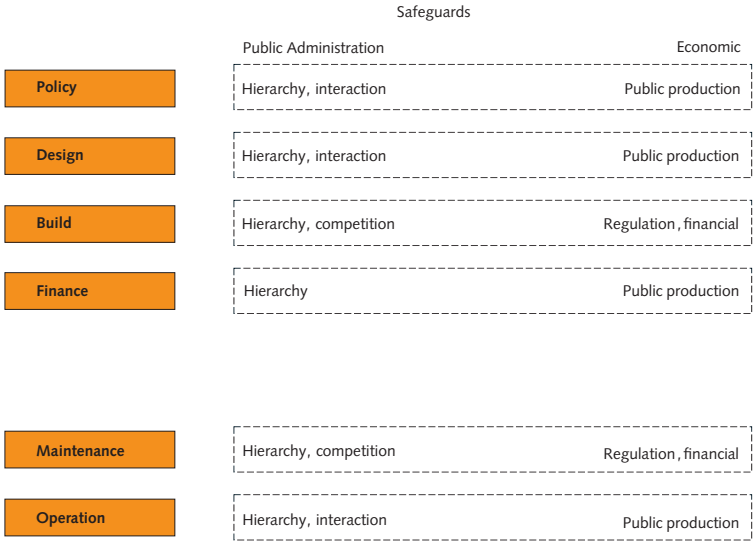
The 'interaction' instrument is also often used. Policy memoranda are drawn up, for example, in consultation with other government agencies and interested parties, and are subsequently discussed in the Lower House of Parliament, after which there is an opportunity for the public to comment and for advice to be given. The results are incorporated in a government proposal that has to be approved in the Lower and Upper Houses of Parliament.

Safeguarding public interests by means of legislation and regulations is a typical example of the regulatory safeguard. Using such rules sets the balance between public interests to a certain extent, because minimum standards are imposed on specific interests.

Public interests and the organisation of road management
Developing organisational models can help to consider how best to organise road management. Such models provide a simplified representation of the way in which road management is organised, and enable comparisons of organisational structures to be made, as long as the models are formed in a consistent manner.
Policy, construction, financing, maintenance and management activities are addressed separately. These activities are then described in terms of:
Whether they are carried out by a public or private body;
Whether the activity takes place at network or area level;
Which safeguard (both economic and public administration) is used.

This description forms the outline of an institutional organisational model. The figure below depicts the current situation. The existing organisation involves mainly public implementation, with the exception of construction and maintenance. Activities occur both at national primary road network level and at the area level in the case of the secondary road network.

Figure 2
Current safeguards in the road infrastructure chain



The next step involves testing a number of these models in terms of how they contribute to safeguarding public interests, preferably by comparing them bilaterally. Such a comparison of models can then be expressed in terms of a trade off between (public) interests. A major advantage of describing interests in relation to each other is that the various types of roads and their functions can be properly taken into account because the same public interests apply in principle to all roads, but relevant importance can vary significantly. For example, throughput is obviously a significant factor on a motorway, while external safety carries a lot of weight for a street in a residential area where the residence function is a much more dominant factor.

A comparison of the detailed models is a subject for a later study, but this study does give a number of global indications as regards the trade-off between public interests.

A model that has with a strong focus on private implementation will probably do better as regards 'capacity', 'throughput' and 'efficiency', compared to a model with much public production. The latter will probably do better in respect of 'equality' and 'transparency'.

A network-based model is likely to serve the goal of 'throughput' better than a model with an area-based orientation. It is expected that that the latter may be an advantage as regards local environmental effects. Moreover, if an area-based classification system is employed,

it is probably easier to keep market power under control, which will benefit 'efficiency' and 'innovation', for example. It should be noted here that non-local environmental effects (for example, CO_2 emissions) are not influenced by the aforementioned considerations, but they are influenced by the safeguards that are employed.