Financing a new rail track

John Pincham

TRAFFIC congestion costs UK business £20 billion a year. Now, the government is to spend £180 billion in the coming decade to reduce congestion's relentless growth. As industry languishes and brown land and houses lie empty in the Midlands and North, the South East is beset by economic overheating. Soaring house prices in and around London are causing a dearth of labour for important public and private sector services.

The Direct Link North rail system would be to the existing network what motorways are to other roads. Running from the Channel Tunnel under the Thames east of London and up the eastern side of England to the Scottish Lowlands, it would link all major British conurbations together and to their Continental markets. Joined with the existing system, it would enable the growth in passenger and freight traffic to be shifted from road to rail.

With a ruling gradient of 1 in 200 and ruling radius of curvature of 4 kilometres, it would be suited to heavy freight and high speed passenger trains. 30% of its 800 route miles would be 4 track from the outset. With a loading gauge large enough for Continental sized rolling stock it would end the effective isolation of Britain's rail network.

Having read the full proposal by Keith Gerry, a consulting engineer, the British Road chief executive commented that the "the most extensive upgrade of the existing rail system would only have a minimal impact on traffic growth". Hence the leading questions to Britain's Strategic Rail Authority, as yet unanswered, – "Is a new rail system, as envisaged by Direct Link North, needed?"

My concern is that implementing lesser schemes, such as Central Railways' proposed freight line round London, following the M25 orbital road, and Virgin's scheme for supplementing the East Coast mainline, will prejudice evaluation and adoption of Direct Link North. After less adequate rail links have been constructed, routes identified for Direct Link North have been built over and major inter-regional traffic problems remain, there will be hindsight recognition of an opportunity missed.

The all inclusive cost of the scheme, calculated in 1998 at 1997 prices, is estimated at £49

billion. The extent of its financial self-sufficiency would depend on land needed being obtainable at existing use values, and the development gains at its 25 regional railports accruing to the railway.A need for significant support from public funds is envisaged for routes beyond Newcastle into Scotland and beyond the Birmingham area into South Wales. No estimates have been made of the gains to the Treasury from increased prosperity.

📖The report 'THE DIRECT LINK NORTH. The proposal for a modern railway system for Britain with specific reference to relieving the burden of traffic on the roads' is obtainable from Keith Gerry, 56 Beverley Gardens, Wembley, Middx. HA9 9QZ for £42 including postage and packing.

✍ John Pincham is a Surrey County Councillor and director of Direct Link North.

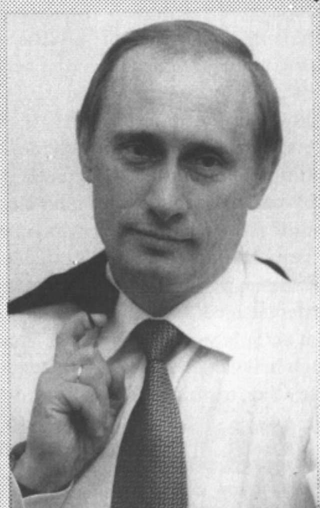
Rent-Tax Plan Submitted to Putin

Fred Harrison reports from Moscow

STATE DUMA Deputy Chairman Georgji Boos has submitted a report to Russia's President, Vladimir Putin, outlining the virtues of shifting public finance in favour of revenue from the rent of land and natural resources.

Mr. Boos was Minister of Taxation during the Yeltsin era when the Prime Minister was Yevgeny Primakov. He proposed that VAT should be reduced by one-half over two years, and taxes on land and natural resources should be doubled. But President Yeltsin terminated the Primakov administration before those plans could be implemented.

Now elected to the Russian Parliament, Boos commissioned a study of the alternative strategies which the Putin administration could implement. Dr. Nicolaus Tideman, a US professor of economics, ran the options through a computer model of the Russian economy to test the consequences of the programme that was commissioned from St. Petersburg economist German Gref, who has now been appointed Minister of Economic Development and Trade.



■ Vladimir Putin

His proposals, which do not include a shift of the tax structure, were compared to the Primakov plan. But in addition, these two plans were compared to what Professor Tideman called the "Putin Plan".

Last year, President Putin described his proposals in an article in which he stated that they would "reform the tax system in the sphere of use of nature: a shift from excises to mainly rental payments... In the future we aim to reduce the total number of taxes and provide a shift to mainly rental based payments".

The President provided no further details, so Professor Tideman postulated the collection of 90% of the rental value of land and natural resources, and the elimination of all other taxes except for those on activities that were personally or socially harmful.

In the report submitted to Deputy Chairman Boos, the Gref plan was shown to increase output over the next five years at an annual rate of 0.7%, in real terms. The Primakov plan would have increased output at an annual rate of 1.1%. But overshadowing them all was the remarkable performance under the Putin Plan – an annual increase of 14%.

When he read the report on July 5, Boos said the findings were important in demonstrating that alternative strategies existed to the one commissioned by the government and that he would write immediately to the President with a copy of the report.

"This confirms we were working in the right direction," said the former Minister of Taxation. He said that although the current discussions on the Tax Code were advanced, "it is not too late to adjust them. At the moment the most important thing is to propose this to the President. Any serious changes can only be achieved with the President's team".