



LONDON'S CONGESTION CHARGE

ADVANTAGES

- ▶ Speeds up traffic flow on roads
- ▶ Generates revenue for taxpayer (net of costs)
- ▶ Creates on-going incentive to reappraise each car journey in central London
- ▶ Reduces air pollution (and other associated external costs) from vehicles

DISADVANTAGES

- ▶ Adds pressure to public transport in London
- ▶ Incurs setting up and administrative costs
- ▶ Hard to calculate optimal charge
- ▶ Too blunt: Charge does not vary with demand
- ▶ Cars incentivised to skirt around the charging zone creating congestion there
- ▶ Regressive: Poorer drivers forced off roads
- ▶ Small businesses suffer loss of trade in central London
- ▶ Cameras pose threat to civil Liberties

