

Recommendations on COVID-19 Policy Decisions

From the WCTRS (World Conference on Transport Research Society):

[The President and the COVID-19 Task Force](#)

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The World Conference on Transport Research Society (WCTRS) has formed a Task Force of leading academics and experts in the field of transport and logistics (TLOG). We recognize the devastating impact of COVID-19 on our society and global economy, especially on all aspects of transport and logistics. Our task force took the initiative to formulate constructive recommendations for dealing with the COVID-19 crisis and to suggest some principles by which to allocate the enormous scale of fiscal and monetary stimulus funds to various sectors of the economy including the TLOG sector which encompasses airlines, airports, urban transit, shipping, ports, freight and supply chain, transport infrastructure, etc.

The COVID-19 crisis is clearly the biggest social and economic shock since the Great Depression. This will bring significant changes to the ways we live, work, do business and trade. Since transport networks and services (air, sea, land, urban and rural) are critical enablers of business activities, their prompt recovery and efficient functioning are extremely important to enable the economy to recover from this catastrophic down turn.

Transport systems affect spatial distribution of population and economic activities and have both positive external effects (e.g., transport connectivity) and negative external effects (CO₂ emissions and global warming). Therefore, it is not easy to predict the long-run effects of COVID-19 disruptions in transport systems on the economy. Based on our research expertise and experience, we collectively decided to formulate a set of key recommendations to policy makers and politicians responsible for determining the size and form of fiscal and monetary stimulus funds allocated to industry, government, academia and other TLOG sectors. Each of our recommendations stated below requires significant additional resources.

If necessary and/or called upon, our transport, logistics and supply chain experts of the WCTRS are willing to discuss and/or work with the policy and decision makers in the governments, international and national organizations, and private sector firms. For contact details and further information please see the [Task Force webpage](#) and the [WCTRS Website](#).

List of Recommendations

1. How to decide on the best timing to start and remove lockdowns:

There is a real trade-off between the timing (beginning and ending) of the lockdown and impacts on economic activities and health outcomes. If a nation (province, state, city) removes lockdown too early, there is a higher risk of the Corona Virus resurgence while

society regains short-term business and social activities. Here are some useful guides to the decision makers of the lockdown periods:

- a. Pro-business decision-makers (President, Prime Minister, Governor or Mayor) will typically choose a shorter lockdown duration than is socially optimal because he/she may discount 'external' costs of spreading virus to other groups. Since spreading virus to others are 'externalized' costs, each of us impose to others (especially because we don't know who carries the virus), the socially optimal lockdown period should be always longer than what the business community wants.
- b. This external cost (of spreading the virus) is more serious in larger cities where many people rely on mass transit and share crowded spaces, one virus carrier can easily spread it to many others. Therefore, in larger cities the socially optimal lockdown period is far greater (longer) than is likely to be the case in outlying areas and in smaller cities.
- c. Where access can be controlled between areas, it is possible to set different lockdown periods instead of setting a uniform lockdown period for a whole country or state (province).

2. Government leaders need to worry about increased private vehicle dependence being sustained after lockdown periods end. It is important for governments to prepare transit firms/authorities to deal with this issue in the following ways:

- a. Transit services need to be improved to allow physical distancing during pandemic and ability to return to normal service post pandemic;
- b. On-going promotion of telecommuting (working from home) even as restrictions are eased so that only necessary travel occurs;
- c. Programmes of staggered commuting times (e.g. not all organizations start their work at 9:00 am) are considered to lower peak hour demands;
- d. Resist pressure for reduced parking fees. Where necessary raise charges to manage demand and keep public space safe for walking and cycling with safe social distancing; and
- e. Support public transport with subsidy to recognise the health and climate benefits it provides and the critical social service it provides for key workers.

3. Increased role of active transportation

Active transportation improves public health, supports transit, and reduces GHG emissions. Several cities are re-appropriating road space to cycling and pedestrians on surface streets to provide sufficient safe space for recreational and utilitarian travel.

- a. Reallocate road space to accommodate active transportation and support safe social distancing
- b. Support e-bikes to enable longer distance traveling
- c. Demonstrate ongoing health and GHG reduction benefits of increased accommodation of bikes and pedestrians post-pandemic

4. Role of the government in the transport firms in which they invest;

This COVID-19 crisis demonstrates vividly that governments are the powers of last resort to make sure that the private sector markets function when facing the scale of natural/economic disasters that no insurance firms can deal with. As a result, necessarily the decision makers in governments have enormous power to exercise to the extent that they can decide which firms survive, and which firms should go bankrupt or be liquidated. After the initial crisis is over, the politicians/bureaucrats are likely to develop temptation to exercise their power over the private sector firms in which the government owns significant portions of their shares and/or bonds. Such government power may lead to inefficiency and/or corruptive practices. We make the following suggestions:

- a. Governments should purchase 'non-voting' shares rather than purchasing bonds. Non-voting shares make it difficult for the government to take over the firm or change the Chief Executive Officer. Critically, the government can recover some returns to taxpayers' money by selling those shares at higher price later¹.

5. Priority on resource allocations to the transport sector:

As discussed in Recommendation 2 above, governments need to prepare for transit systems to satisfy the social distancing needs in the transition period and in the post-pandemic period so that not too many people turn to automobile driving:

- a. Since transport is an enabler of all economic activities including travel, tourism and trade, it is important that the transport firms and organizations need to get ready to initiate services as soon as the current pandemic is over by retaining their key employees on their payroll and government support schemes should enable this.
- b. Numerous studies show how increased transport connectivity (air, rail, land, sea) generates positive economic benefits to the society/country including essential services to remote communities. Careful understanding of how best to allocate fiscal and monetary stimulus funds is required to ensure transport services remain viable. In this sense, the U.S. Federal Reserve's current practice of buying municipal bonds may leave pressures off from the city budget crunch. However, a lot more input from the new infrastructure budget may need to be allocated to improve urban transit services suitable to the post-pandemic service requirements.

¹ For example, Delta Airlines and the US Treasury recently agreed on a \$1.6 billion 10-year low interest loan in exchange for the warrants that allows the government to acquire about 1% of Delta's non-voting stock at \$24.39 over five years so that the taxpayers may get profits from this risk taking. The airline bailout package in the wake of the 9/11 terrorist attacks resulted in the U.S. government making \$130 million profit for the taxpayers after airlines recovered their profitability. Non-voting share bailout package deals appear to be a good practice to follow.

6. An important longer-term issue

The lockdown and social distancing requirements made us do far less automobile driving, which has had unprecedentedly high environmental side benefits. We expect that the new normal in the post- COVID-19 will be significantly different from before. There are those who argue that it could be more car dependent and those who suggest it is a major opportunity for more local living and virtual communications to replace longer trips. The outcomes we see will be the result, in significant part, of the policy choices we make over the coming months and years. This is clearly a unique and rare opportunity for policy makers and transport researchers to work together and seize the momentum to devise new policies in order to change our everyday living and choices toward more environmentally sustainable life and work.