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IEB

Institut
d'Economia
de Barcelona

4th Workshop on Transport Economics

DISCUSSION: CONTRACTING IN URBAN PUBLIC TRANSPORT

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Main options: Deciding on an appropriate regime

Institutional levels

1 Customs traditions	Embeddedness	Informal institutions, customs, traditions, ...
2.1 Legal regime	Institutional environment	Formal rules of the game
2.2 Regulatory regime		
3 Governance	Governance	The play of the game
4 Contracts	Resource allocation	Decisions on contracts, etc

- **Ideally**
 - Well-informed decision makers
 - Welfare maximisation as aim
- **More realistically**
 - Ill-informed politicians (in the worst case dogmatic or hobbyistic)
 - Planners not always inclined to change approaches
 - Operators often lobbying for one specific model, or (even more often) for status-quo

Bus market concentration & bidders loss	Literature
Sweden	Alexandersson, Hultén and Fölster, 1998
Norway	Mathisen and Solvoll, 2008
France	Yvrande-Billon, 2006
Italy	Boitani and Cambini, 2006
Germany	Beck and Walter, 2013

Competitive tendering creates a relational contracting relation

↓
trust and collaboration

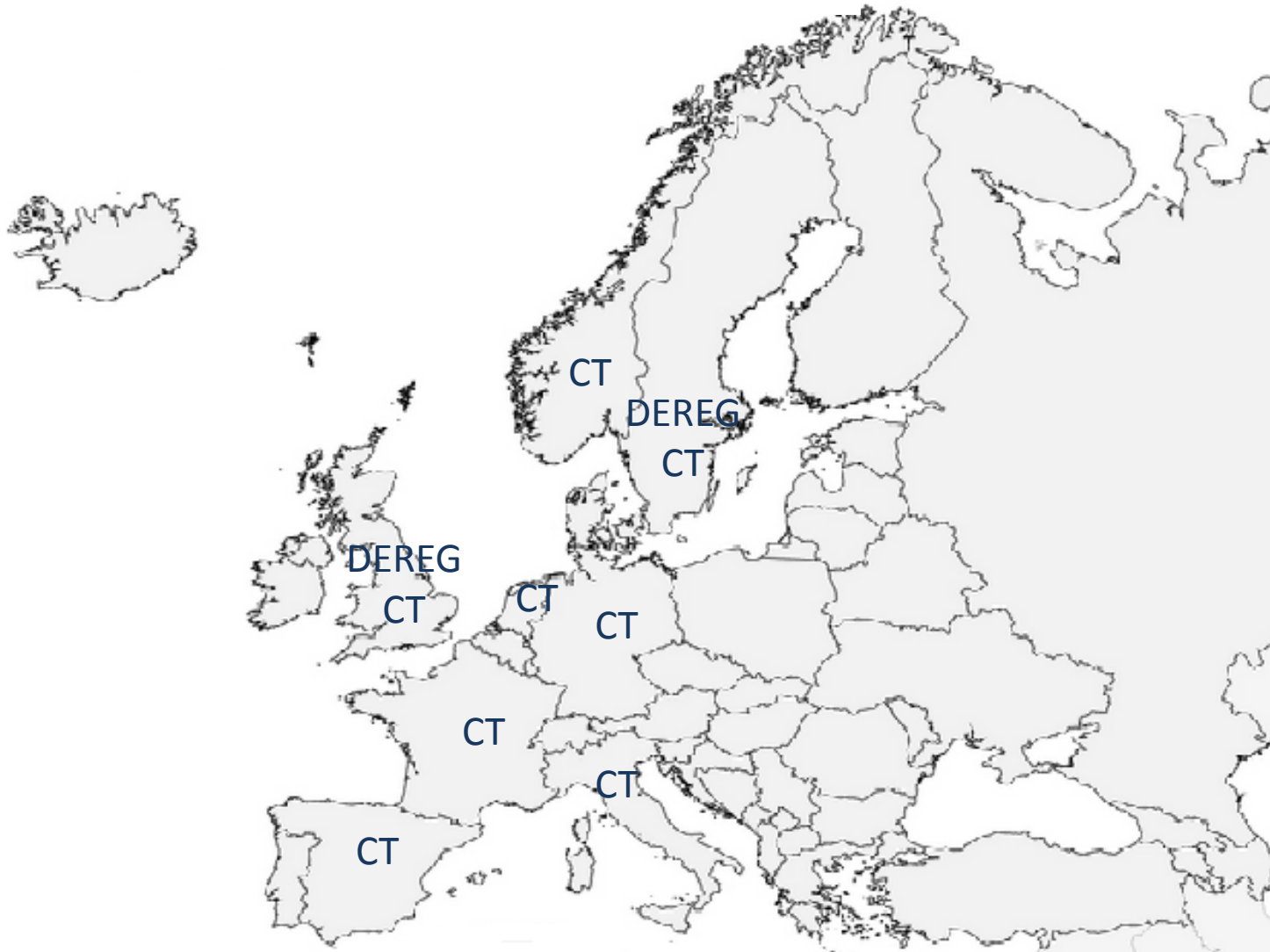
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Stable relation

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Who breaks it?

Competitive tendering is gaining ground in Spain so, would we:

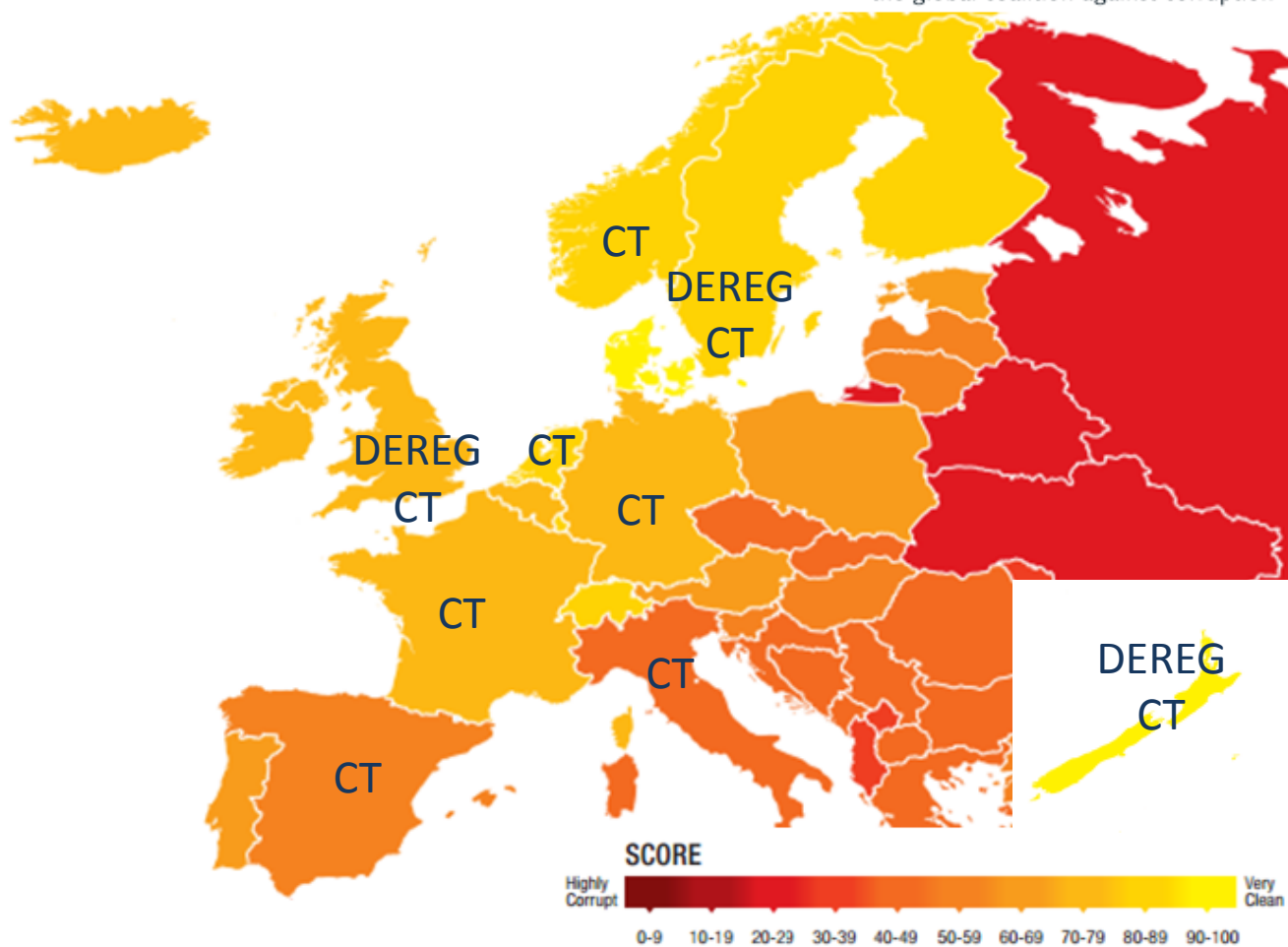
- Lose bidders?
- Have a market concentration?
- Have no cost savings after first round?
 - Workers' subrogation, fuel and fleet cost similars, no firm initiative
- Alternatives to CT:
 - Direct award (Negotiated Performance-Based Contracts)
 - Deregulation

Relational contracting >> Complete contracts





The perceived levels of public sector corruption



Discussion topics

- Competitive tendering rusties on Spain?
- Role of institutions
 - Desregulated framework
 - Competitive tendering
 - Negotiated contracts
- Recommendations to Spain