

Applied Relationship between Transport and Economy

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Abstract: This paper discusses some of the most important issues concerned with the relationship between transport and the economy. The efforts made in this research are specifically focused to achieve the objective of giving some approximate answer to some of the complex questions related to the economic dynamics and transport.

Transport is considered to be one of the most influential and vibrant systems of the economy. The transport system is continually changing in time and space, it can be considered as determining factor for economic development and growth. By This research encompasses the mix research methodology combined by qualitative and quantitative research facets. The qualitative research outcomes are then identified and defined factors which determines the relationship between transport and the economy. The quantitative research results are generated figures based on statistical data which provides with the evidence about the real relationship between transport and the economy. The main goal of this research paper is to provide decision makers, planners, and academic spectrum with the thorough explanation of the applied relationship between the transport system and the economic development and economic growth.

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Key word: transport, economy, GDP, development, growth.

1. INTRODUCTION

In the frame of transport planning at policy level many issues are debatable at various academic and strategic levels. There are many questions opened which require to be addressed.

One of main concerns in this domain is the demand for clarification of the relationship between transport and the economy. Based on this setting, this research is oriented to give more clearance about the following main question which loud: Does location position and size of economic activities influence the transport system, or transport system determines the economic activity location, space and technological solutions?

The inconsequential hypothesis of this research identifies transport system to be one of most complex systems' humanity have ever developed. Hence, its contribution to economic development of countries and regions is not completely defined. Historically supposed, transport system is developed by undergoing different stages. The consequential hypothesis is that almost all those stages are linked with the shifts in economy.

Historically viewed, many studies were concerned with the relationship between transport and the economy. Most of those studies were oriented towards contribution to make transport more productive. The latest stages of transport planning developments were oriented towards transport efficiency and effectiveness, including here the social and the environmental issues.

In order to find the grounds for supporting the consequential hypothesis, in this research the efforts have

been made to argue the real relationship between transport and the economy expressed in statistically terms.

The consequences of this research are based on the simultaneous analysis of the transport system performance and economic growth of leading world economies. Sequentially, the transport involvement to real GDP of main economies and employment in transport sector have been specified. Since there is lack of data relating to employment portion of transport in some countries, the study with reference to these countries has been limited to real GDP.

The main statistical findings show transport industry in the Europe contributing significantly on GDP. This is not only the transport activity cost, but also the transport expenditures converted in supply and services.

Hereby we have developed a set of questions regarding to the applied relationship between transport and economics. In this logic the remarkable set of questions could be the following:

Do transport infrastructure improvements lead to increased economic activity? Do transport contribution to the economy increases over time? Are economic impacts included in the processes for appraising benefits and costs of transport infrastructure projects? What recommendations may be applicable to the countries in transition concerning transport infrastructure investment?

The outcome of this research is the provision of a statistical view of transport importance to GDP of main world economies and the suggested pattern for explanations and for explanation of the transport activities and its relationship with the economic development of a region. The suggested

pattern is an adoption of theoretical framework and the actual practices without constraint geographically. The research is constraint to data availability and it includes data and provides information for the developments from 2000 till 2013.

2. APPLIED RELATIONSHIP BETWEEN TRANSPORT AND ECONOMY

The definite relationship between transport and economic development is challenging issue and tot easy to strictly establish theoretically. This issue has been debated for many years. In more or less environments transport contribution to GDP is different and not a precise indicator to measure the degree of relationship. At the other hand investments in transport system appear to be a facilitator for economic growth in many regions, while in some other regions, economic growth drove pressures on existing transport infrastructures and required additional investments (Jean-Paul Rodrigue, 2013).

When concerned transport contribution to GDP, there is sufficient evidence showing for around 7% of GDP and for around 5% of employment in the EU is attributed to transport activities (EC, 2015). In 2006 total annual employment in USA was about 143.4 million people, where transport sector contributed for 9.12 million jobs (U.S. DOT 2011). In Japan in 2006 were 63.82 million people employed, and in transport sector were 3.06 million people employed contributing by about 5% of the total employment in Japan (Ministry of Internal Affairs and Communication 2011).

Considering some aspects like environment and land use, transport maybe considered as a producer of negative effects involving cost to the society.

Based on the theoretical statistical findings if this research, the following hypothesis maybe considered as proved. Transport system size is influenced from economic growth and development, while physical characteristics of transport influence the location and dynamics of economic activities. To support this assumption, the following arguments have been exploited:

Current trends underline that economic development shows less direct dependency on relations with the resources and more dependency on relations across space.

Though, resources remain the basis of economic activities, the setting up of the economy is become more linked with higher levels of material, information and cash flows of all categories. Parallel with this, resources, capital and even labour have shown increased levels of mobility (Jean-Paul Rodrigue, 2013).

In consistency of above described finding, could be concluded that transport system should be considered also one of most important systems contributing to the economic development in developing countries. The question is what developing countries should expect from transport to do in the favour of the economic development?

Some of the authors argue that low-cost and faster transport has significantly facilitated the low density and extensive settlements of metropolitan peripheries (Greene, 1997). Transport can connect potential economic areas, but is unlikely to be able to create large market potential in areas that do not have the underlying conditions that allow for economic development (ITF 2011).

Based on two findings (ITF 2011; Greene, 1997) the final conclusion can be derived.

Table 1. The transport contribution to the economy expressed in GDP

Countries	Real GDP growth			Projected GDP growth in %		Transport contribution to Real GDP in %		
	2006	2015	Δ15/06	2017	Δ17/15	2006	2015	Δ15/06
EU-27	3.2	1.6	-1.6	1.9	0.3	7	5.9	-1.1
USA	2.7	1.9	-0.8	2.2	0.3	9.8	6.8	-3
Japan	2.0	0.6	-1.4	0.5	-0.1	5.83	4.9	-1.07
China	12.6	4.7	-7.9	4.9	0.2	3.6	1.6	-2
New Zealand	4.47	1.7	-0.05		-1.31	1.14	1.1	0.03
Canada	1.4	-0.5	0.9	2.2	1.7	4.2	3.8	-0.4
Russia	8.2	-3.7	-11.9	1.4	-2.3	2.83	1.2	-1.63

Sources: IMF 2013, EC Energy and Transport 2011, U.S.DOT 2011, OECD 2014, Ministry of Transport 2015, World Bank 2016, Statistics New Zealand 2016, Statistics Canada 2015, Trading Economics 2016.

Total transport GDP related to final demand (this concept includes the expenditures by end users on goods and services for transport purposes). It includes the transport component of the four components of GDP: personal consumption expenditures, government expenditures and

investment, business investment, and net exports. In essence, transport final demand measures the size of transport function in relation to GDP. Is transport system contribution to GDP decreasing or increasing in recent times?

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