

High speed rail, the national interest and the North-South divide

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The 'national interest'?

The government claims that high speed rail is in the 'national interest'. What this means is not entirely clear, but Transport Secretary Philip Hammond says the high speed rail network would "change the social and economic geography of Britain; connecting our great population centres and international gateways".

Hammond further suggests that linking England's main cities via high speed rail, with further links to Scotland, could help break down the north-south divide. "Bringing those economies in closer reach of London, allowing them to benefit from London's magnet effect in the world, is going to help solve some of the most intractable postwar social and economic problems Britain has faced."ⁱ

This echoes a number of Influential public and private voices, especially the pro-HSR promotional group Greengauge 21, who argue that high speed rail will create jobs, improve the competitiveness of regional economies and promote regeneration.

Unpacking the evidence

What is the basis for such claims? Research by KPMG for Greengauge 21ⁱⁱ suggests HSR could create 25-42,000 new jobs and higher wages with most impact in the North and Midlands, especially in the core cities. Doubtless influenced by such claims, the government itself in the High Speed Rail Command Paper said there would be substantial economic benefits to the major city regions of the North and Midlands. Business lobbies in the regions are also frequently repeating such claims.

But claims such as these are highly unreliable. They project benefits over very long periods, well beyond any reputable economic forecasting horizon. They also run counter to most research, which strongly suggests that:

- There is no firm evidence basis for claims about the potential impact of infrastructural investment on regional economies and regenerationⁱⁱⁱ.
- Transport investment on its own is not a sufficient condition for economic development and there are other more cost effective ways of promoting economic development than investing in transport^{iv}.

Deceiving the regions?

This is not all. Research also tells us that:

- While the new ‘connectivity’ between cities which HSR might bring is likely to create little *new* development, it may have a substantial impact in *redistributing* existing economic activity and jobs.
- But this redistributive effect is likely to benefit the biggest and strongest cities and regions most.^v The biggest beneficiary of HS2 and the wider HSR network is very likely to be London and the South East – not the Midlands, North and Scotland.
- Other places which may gain are the nodes around the (very few) proposed stations. Thus in the Midlands Birmingham might benefit (if not as much as London) but many other cities, towns and rural areas away from the very few stations would lose out. In the North West, Manchester might see some benefits, but these would be at the expense of the rest of the region.

Thus inflated claims for the impact of HSR on jobs and regeneration are liable to deceive many in the regions who so far may have taken them at face value.

National interest or narrow interest?

Claims that HS2 and the wider proposed HSR network are in the national interest are specious. The beneficiaries will be limited – London and nodes around the very few stations; businesses involved in construction and operation, and in developments around the ‘station nodes’. However even this exaggerates the benefits of HSR, because other forms of transport investment, likely to be frozen out by the vast outlay of public investment on HSR, would also create jobs – and would also spread the benefits more widely.

HS2 and HSR are not in the national interest – they would serve narrow geographical and sectoral interests, and they will accentuate, not break down, the North-South divide.

ⁱ The Guardian, 3 and 4 October 2010

ⁱⁱ Greengauge 21, *High Speed Rail in Britain: Consequences for Employment and Economic Growth*.2010, and KPMG LLP, *High Speed Rail, Consequences for Employment and Economic Growth, Technical Report*, 2010.

ⁱⁱⁱ Evidence of Professors Overman and Tomaney, Select Committee for Transport, Enquiry on Transport and the Economy, 19 October 2010.

^{iv} Banister D, (2007) *Quantification of the non-transport benefits resulting from rail investment*. Transport Studies Unit/Centre for the Environment, Oxford University

^v Vickerman R (2009) Indirect and wider economic impacts of high speed rail, in *Economic Analysis of High Speed Rail in Europe*, ed. G de Rus, Fundacion BBVA, Madrid (with Andreu Ulied)