

- HS2 WILL CREATE FEW JOBS FOR THE HUGE SUMS INVOLVED – HS2 LTD'S OWN FIGURES SHOW THIS.
- HS2 WILL BENEFIT LONDON – INCREASING JOBS THERE RATHER THAN IN THE REGIONS.
- THE OPPORTUNITY COSTS OF HS2 ARE VAST – THE FUNDS ALLOCATED FOR THIS PROJECT COULD INSTEAD BE USED TO TRANSFORM OUR TRANSPORT SYSTEM TO BENEFIT EVERY COMMUNITY IN THE UK.

"In most developed economies, high-speed railways fail to bridge regional divides and sometimes exacerbate them. Better connections strengthen the advantages of a rich city at the network's hub: firms in wealthy regions can reach a bigger area, harming the prospects of poorer places."

The Economist, September 2011

THE CASE AGAINST HS2: JOBS AND GROWTH

HS2's supporters claim it will promote economic growth, create jobs and help efforts to "rebalance" the economy away from its dependence on London and the South East.

There is a large gulf between these claims and the available facts. These claims typically come from pressure groups funded by companies with a strong financial interest in HS2 proceeding. The reality, when looking at HS2 Ltd's own figures, is very different.

Type	Employment (nos.)
Operational	1,500
Construction	9,000
Regeneration	2,000 (Euston)
	20,000 (Old Oak Common)
	3,800 (Birmingham interchange)
	4,500 Birmingham Station
TOTAL	40,800

Source: HS2 Ltd

HS2 Ltd has provided employment forecasts in connection with the first stage of the high speed rail line (between London and the West Midlands) which can be seen in the adjacent table. HS2 Ltd's own advisers concluded that this is not a "win-win"; that most of the jobs located around stations will not be genuinely new jobs but rather jobs associated with retail

activity that have simply moved from other areas to be nearer the new stations. It means a net increase in permanent jobs of little more than 1500 – not a great return for spending more than £17 billion.

The true picture is likely to be even worse. HS2 Ltd hasn't taken into account the job losses from existing train services being reduced, which is a core part of its business plan. HS2 Ltd's figures also show that more than 70 per cent of the 30,000 jobs around HS2 stations will be in London rather than the West Midlands. More like 10,000 jobs will be generated in the West Midlands. For a region with over 2.6 million economically active people 235,000 of whom are currently unemployed, HS2 will not provide anything close to the boost in employment its backers claim.

The benefits of having faster connectivity between two points as a result of HS2 are remarkably small. Research undertaken by Imperial College London for HS2 Ltd confirmed these benefits are tiny – around £10 million per annum. Unsurprisingly, this report was buried by HS2 Ltd, no doubt because of its unfavourable findings.

"By far the most outlandish claim from the Campaign for High Speed Rail [is] that the line would create 1 million new jobs. This was patent nonsense, based on an analysis by Volterra the consulting arm which said nothing of the sort..."

"Putting out such false claims is, ultimately, an own goal and it is time the Campaign started presenting honest evidence in its cause, rather than what is basically a lie."

Christian Wolmar
Rail journalist, October 2011.

The Department for Transport's (DfT) forecasting of demand for HS2 shows that London will win most economically from HS2. DfT models predict twice as many journeys having London as a destination compared to the number of journeys originating in London. Given that most trips on HS2 are forecast to be for leisure purposes (around 70 per cent), more people and more money will go to London and so will the jobs that support this.

Real life experience reflects academic evidence. Having high speed rail does not itself alter the economic competitiveness of a particular area. For example:

- Naples has a high-speed rail line to Rome and northern Italy, but it hasn't turned the Mezzogiorno into Europe's boom region.
- Thanet, in Kent, remains one of the most depressed areas in England, although it is served by direct High Speed One services to London.
- The TGV to Lyon caused some business headquarters to relocate to Paris and the net impacts were negative for Lyon.
- On the Paris-Rhone-Alps route, passenger growth in trips to Paris was three times greater than *from* Paris.
- Unemployment in Lille rose against the French national average with the arrival of the TGV.

Why should this matter? Aren't even marginal improvements in economic activity worth it given the current state of the economy? HS2 Action Alliance do not believe that this is the case. Economics students will be familiar with the idea of opportunity cost - identifying the benefits you could have received by taking alternative action. Given the scale of the funding required, it is clear that HS2 would have a very high opportunity cost as it would crowd out funding for other public transport schemes. Unlike HS2, those schemes could benefit the whole of the country.

The priority for our regions should be first-rate locally-oriented infrastructure of the type found in continental cities such as Munich, Berlin and Lyon – improving journeys that people of all social classes make regularly. Such local investment would address the productivity gap between the North and the rest of the UK. Removing bottlenecks, providing increased capacity and reducing journey times would all deliver benefits to large and small cities across the North and also have the potential to deliver significant economic benefits in the areas that most need them. There would also be funds left over to invest in things like high speed broadband which have a proven link to economic growth.

Its not just HS2 Action Alliance which is sceptical about the jobs case for HS2. Leading academics who were invited to the House of Commons Transport Select Committee on the relationship between transport and the economy expressed similar concerns:

Professor Mackie (University of Leeds) says "For various reasons HS2 is rather unlikely to make much difference to the north south divide. A spatial analysis would probably show London to be the main benefiting region".

Professor Tomaney (University of Newcastle) "The impacts of high speed rail investment on local and regional developments are ambiguous at best and negative at worst'... 'In countries with dominant capital cities net benefits tend to accrue to these".

Professor Overman (LSE) "Claims about the transformational nature of transport investments for particular areas should be generally discounted in assessing these benefits because they have no convincing evidence base to support them".

Professor Vickermann (University of Kent) "I think most of them are unsubstantiated claims. Obviously, if you feel something is going to do good for you, you big it up. We saw that with HS1 in Kent as well, as to all the effects it was going to have. I have to say, they are not visible to the naked eye".

So far from supporting claims that HS2 promotes growth, creating jobs and helping to rebalance the economy, few new jobs will be created and it will re-enforce London's dominance. Abandoning HS2 and investing in sustainable and useful transport projects would give Britain a transport system that was the envy of the world. Are we brave enough to change track?

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