

HS2: CHOICES FOR LABOUR

In the last parliament, Labour's position was one of qualified support for HS2. Support appeared to be based on an assumption that HS2 would contribute to growth and jobs, especially in the North, and that a modern UK economy needs to benefit from advances in technology such as high speed rail, especially to catch up with other countries which have invested heavily in HSR.

The qualified nature of support derived primarily from concerns about escalating costs and value for money, reflecting the concerns of many MPs and others in the party.

Since the election, the leadership contest has illustrated a range of views within the party, with one candidate seemingly opposed to HS2, one in favour, one indicating qualified support. But the fluid nature of the debate may be summed up by the position of Jeremy Corbyn, who on the one hand was quoted in the media as opposing HS2 and voted against the Paving Bill, but a little later voiced qualified support.

So there are big choices for Labour. Here we take a look at what are probably the two key issues.

Growth, jobs and rebalancing the economy

It is not surprising that strong support for HS2 within and around Labour comes from key northern cities, and from the rail trade unions – these are perceived to be beneficiaries of HS2. Cities like Manchester, Leeds and Birmingham, where HS2 stations are located, anticipate benefits from HS2 'connectivity' and associated commercial property development.

The rail unions hope HS2 will bring new transport jobs and associated investment in skills.

These views are aligned with those of the government, which has been careful to cultivate them, for example by including a trade union voice on the body promoting HS2 as an 'engine for growth'. In particular, Osborne's 'Northern Powerhouse' rhetoric has seduced some in the north to hitch their horses to this wagon.

But while such interest groups who would benefit directly from HS2 are following the money, others see things very differently.

First, they recognise the overwhelming research evidence that the greatest gains from HS2 will accrue to London and surrounding areas. Moreover, while major northern cities with HS2 stations, and other areas closely connected to them, may benefit, other regions and places not linked to HS2 will lose out. There will be far more losers than winners, and there are far more attractive alternatives to HS2.

A major programme of investment across the country that combined network electrification, complementary enhancement (eg four tracking on certain corridors) and a selective re-opening programme could be achieved quickly and have a far greater economic impact than HS2. *Paul Salvesen, Author of Railpolitik and Colne Valley CLP*

The 'pausing' of other rail upgrades of great importance to the midlands and north (Midland Mainline and Transpennine routes) is emphasising the negative knock-on effect of the government's blinkered commitment to HS2, and questioning the reality behind the government's pre-election promotion of a 'Northern Powerhouse'.

Secondly, while HS2 would create new rail jobs, the cost of each of those jobs in terms of public expenditure would be prohibitive, compared to investing a similar sum to HS2's £50bn in much-needed investment elsewhere in the transport system. As Frank Dobson MP has pointed out, if each region were to be offered a share of that £50bn, they would be very unlikely to spend it on HS2. From this perspective, HS2 only looks attractive if it is the only 'choice' on offer. And of course that should not be the case. One perhaps unintended consequence of Osborne's promotion of a Northern Powerhouse has been widespread comment that linking northern cities together, rather than connecting them to London, would be a far better means of boosting the North.

Public spending and infrastructure investment

Of course, some within Labour hope that under a Labour government there need not be a choice between HS2 and other investment projects, either other transport investment or investment in housing, hospitals etc .

This is surely wishful thinking. However much money is available there will always be socially and economically valuable projects which miss out. HS2 would always be at the expense of £50bn of alternative investment. This throws into stark relief the downsides of HS2:

- HS2 does not meet the greatest needs in our rail network. These are improvements to the existing network, including both commuter routes and east-west connections around the country.
- While HS2 would deliver a few rail jobs, other rail investment would generate and protect considerably more.
- As Labour's Sustainable Transport Commission showed, in terms of delivering social benefits, high speed rail is bottom of the list compared to nearly every other form of transport . For most working people the priority is better travel to work, the shops and local facilities. HS2 is primarily for the business class.

The risk is that major eye-catching projects, which carry short-term political kudos but have major costs and risks in delivery, will take precedence over the multitude of smaller local transport projects that together bring much larger overall benefits for everyone in the country. *Letter to Patrick McLoughlin from Campaign for Better Transport, CPRE and other transport pressure groups, August 2015.*

- HS2 cannot claim to deliver value for money. The Major Projects Authority and the Public Accounts Select Committee have repeatedly given serious warnings about the cost and value for money of HS2, while experience of other major projects shows that HS2 is unlikely to stay within budget. Recent research by Imperial College shows that the supposed economic benefits of HS2 identified by KPMG are very greatly exaggerated.

At a cost of £50bn HS2 will be one of the most expensive infrastructure projects ever undertaken in the UK. The Committee argues that the Government have not yet made a convincing case for why it is necessary. *Lords Select Committee on the Economic Case for HS2*

- Moreover, the government is currently busy preparing regional programmes of further investment which would 'spread the benefits' of HS2. Typically however these will serve to further enlarge the gap between more central, accessible parts of a region, and those more peripheral areas where new investment is acutely needed. Moreover, these regional booster programmes will significantly increase the overall cost of HS2.

In a context where the priority of a Labour opposition and future government is on anti-austerity, there appears to be no case for HS2.

Choices for Labour

HS2 has always been a stand alone, prestige project, given the lack of a serious national transport investment strategy linked to both economic prosperity and social justice objectives. One current view within Labour is to call for an independent commission which would examine the case for HS2 within such strategic parameters. This is a probably a positive proposal, although assuring the independence of such a body, and ensuring the terms of reference allow it to examine the crucial issues, might be difficult.

But for Labour in power to be able to establish such a commission, the HS2 hybrid bill must be opposed at its third reading, probably in 2016. If Labour takes this position, it would be much more difficult for the government to press ahead, even if it won the vote – it has always been said that HS2 needs cross-party support. Even before the third reading, Labour should be questioning the spending on HS2 currently being pushed through under the HS2 'Paving' Act, especially the current moves by the government to begin the tendering process for large scale construction contracts. This represents an anti-democratic attempt to 'lock in' the decision to build HS2 before the third reading of the bill.

Labour should also immediately review the terms of its participation in the HS2 Select Committee which is currently examining objections from individuals and communities. It would appear that an overriding concern with cost means that the Committee is not seriously considering all but a small minority of objections. This would put down a marker that Labour is taking a more independent line on HS2.

HS2 thus presents a real choice for Labour: to continue to support a project which benefits only limited vested interests, or to stand back and look where the evidence really points.

STOP HS2  **No business case.
No environmental case.
No money to pay for it.**
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