



# Spatial Economics Research Centre

Tuesday, 26 April 2011

## The Campaign for High Speed Rail

David Begg (pro) and Jerry Marshall (anti) discussed high speed rail on the [Today programme](#) this morning.

Professor Begg wants to dispel myths about high speed rail - the most significant being that 'Britain is too small for high speed rail'. He suggests that the world's 'most successful' high speed rail line runs between Frankfurt and Koln. This may be true, but as my colleague Gabriel Ahlfeldt points out Frankfurt-Koln cut journey times from 2 hours 15 minutes to 59 minutes which is an order of magnitude greater than the time savings for HS2 to either Birmingham or Manchester.

Professor Begg thinks the costs of HS2 are being overstated by focusing on the total costs ignoring the split between revenues and subsidies (fares reduce costs to the government from 30bn to 17bn). The who pays question is important, but it is still the case that the *total* cost is 30bn.

These costs need to be compared to benefits. Mr Marshall, thinks that these benefits (estimated at 44bn) are being overstated because they are (partly) calculated by turning time savings on HS2 into money by 'valuing' the time that people save. Mr Marshall thinks the number used to value the time savings is too high because it assumes people are unproductive on trains. Professor Begg doesn't appear to disagree on this point but he thinks the benefits are understated because the *number* of passengers will be higher than predicted (arguing that HS2 uses conservative numbers for passenger growth). There are other railway experts, however, that think that HS2 has overstated passenger growth by using more recent numbers where passenger growth has been large.

Personally, one point in the argument summed up the whole thing to me - Begg's observation that he and Marshall sit at opposite ends of the spectrum on HS2. To my mind, this is precisely the problem. Both the costs and benefits of HS2 are large and uncertain. I prefer instead to focus on the opportunity costs: are there things that we could be doing with 30bn that would yield a higher return than "44bn"? I think the answer is almost certainly "yes" - in both the area of transport (more intra-city schemes) and more widely. This is why I remain sceptical on HS2.

[Disclosure: I sit on the Analytical Challenge Panel for HS2]

Posted by [Prof Henry G. Overman](#) on [Tuesday, April 26, 2011](#)

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