



Spatial Economics Research Centre

Thursday, 3 September 2009

High Speed Rail

Last week Network Rail made its [business case for a new high speed line](#). Greengauge 21 will follow shortly, while HS2 will report next year.

Here is what I think we will know after these exercises. The direct user benefits (i.e. the benefits to people making journeys) are potentially quite large. Unfortunately, so are the costs. Both costs and benefits are *highly* uncertain. The wider benefits - e.g. 'regenerating the north' - are even more uncertain. I suspect the only thing we can say with any certainty is that they are likely to be overstated (there's a long history of this in terms of 'transformative' transport schemes).

Two things where we have a bit more certainty. First, the environmental impacts are not large and could well be negative. Most of the journeys on high speed rail will be additional (or transfers from other lines). Extra/faster journeys generally require more energy *not* less. You get some savings on car trips and air trips (offset if you use freed up slots for other flights; or if you make getting to Heathrow easier and so generate additional numbers on other routes). The overall impact will depend on what you assume about how electricity is generated. Expect to see generous assumptions using average, not marginal, carbon figures. The second certainty is that any new route will not be commercially viable and will need large government subsidies.

A final thought. Congestion charging has fairly certain costs that are outweighed by clear and certain benefits (the social costs of congestion are very high; and it also helps with carbon). Road pricing has more uncertainty over costs but the benefits are also fairly clear. Yet the strong political support from all three parties is for high speed rail not road or congestion charging. Go figure ...

Posted by [Prof Henry G. Overman](#) on [Thursday, September 03, 2009](#)



2 comments:



Peter said...

I fail to see the benefit from pricing those least able to pay off the roads with road pricing.

Road pricing also adds a huge collection, enforcement and administration cost to what is currently an efficient method of charging for road use through fuel taxation.

The cost of congestion might be high but the cost of road pricing will be far higher and with the social exclusion resulting from pricing people off the roads, road pricing is not acceptable in a free and democratic society.

[4 September 2009 at 07:34](#)

Anonymous said...

Felix says: I do not see why the argument that poor people might be priced off the roads should have any relevance simply because a poor person in a car produces as much congestion as a rich person in a car. Saying this, I do generally care about distributional issues. Most people do, which is probably why we have progressive income tax rates, for example. I think, distributional debates are really important but that they should be discussed on their own realm and never hinder us implementing policies that are highly favorable from other perspectives.

[8 September 2009 at 17:33](#)

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