

# Candidate 2 evidence

## The High-Speed Rail Project – Should HS2 go ahead?

### Introduction

The high-speed rail project is a proposed railway connection between London and the North of England. HS2 will run from Euston to Birmingham city centre, with future plans to extend this line to Manchester, Leeds and Crewe, and further extensions towards Liverpool, Newcastle and possibly Scotland also being considered.

The project is intended to form part of the government's Northern Powerhouse initiative, aimed at redistributing investment and infrastructure spending away from London and the South East, and increasing expenditure in Northern England, particularly improving connections between large cities such as Leeds, Manchester, Liverpool, Newcastle, Sunderland and Birmingham. HS2 is one part of these efforts.

The economic reasoning behind HS2 is simple. Addressing regional inequality has been a key aim of many recent governments and HS2 will help to improve connectivity in areas where infrastructure spending has been historically below national averages. It is envisaged that HS2 will improve economic prosperity for these regions.

The HS2 project has come under increasing scrutiny due to the high levels of spending required to fund the project. Currently, HS2 is projected to cost over £100 billion<sup>1</sup>, representing a doubling from initial cost projections. Some, such as Labour peer Lord Berkeley<sup>2</sup>, have suggested the costs are “out of control” and that the government should pull out while there is still time. However, the government recently indicated their desire to press ahead with the project, giving their approval on the 11<sup>th</sup> February 2020. Prime

<sup>1</sup> <https://www.bbc.co.uk/news/business-49048823>

<sup>2</sup> <https://www.bbc.co.uk/news/business-50995116>

Minister Boris Johnson stated that “Poor management to date has detracted from the fundamental value of the project”<sup>3</sup>.

There are conflicting opinions as to whether the economic benefits of HS2 do actually justify its costs. This report aims to assess the economic impacts of HS2, and whether the capital investment required to finance it is justified. Do the potential benefits outweigh this initial capital investment?

<sup>3</sup> <https://www.bbc.co.uk/news/business-51461597>