

HS2 should be scrapped before budget soars to £80bn, warns thinktank

High-speed rail project's cost 'could double' owing to several factors such as extra tunnelling to placate opposition groups

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The Guardian, Sunday 18 August 2013 19.43 BST



HS2's proposed route includes the Birmingham and Fazeley viaduct. The coalition said in June that the price tag of the high-speed rail project had risen to £42.6bn. Photograph: HS2/PA

The ~~HS2~~ high-speed rail project could nearly double in cost to £80bn and should be dropped, a report has warned.

The Institute for Economic Affairs (IEA), a free-market thinktank, said that the proposed north-south rail link defied economic logic, adding to growing doubts about the scheme's viability.

The credibility of HS2 was undermined in June when the government revealed that its price tag had risen by £10bn, or 30%, to £42.6bn.

The IEA said the final budget could spiral further because of several factors, including: changing routes and carrying out more tunnelling to placate opposition groups; compensation for towns and cities bypassed by the line; and regeneration grants awarded along the line.

The report's author, IEA director Dr Richard Welling, said: "The evidence is now overwhelming that this will be unbelievably costly to the taxpayer while delivering incredibly poor value for money.

"It's shameful that, at a time of such financial difficulty for many families, the government is caving in to lobbying from businesses, local councils and self-interested politicians more concerned with winning votes than governing in the national interest."

The first phase of HS2, due to open by 2026, will run 250mph trains from London to Birmingham, followed by a second development that would take it to Manchester and Leeds by 2033.

However, the revelation of a £10bn increase in HS2's budget has threatened the political consensus that HS2 will be positive for the UK economy.

Lord Mandelson, the former business secretary, described the project as an "expensive mistake."

His intervention prompted his former cabinet colleague and architect of HS2, Lord Adonis, to warn that abandoning the scheme would "close Britain for business."

In June a House of Commons vote saw 37 MPs vote against the HS2 bill, 21 of them from the Conservative party. Opposition to the proposal is particularly strong in the home counties, along the route of HS2's first phase.

A spokesman for the Department for Transport said: "HS2 is absolutely vital for this country, providing a huge economic boost which will generate a return on investment that will continue paying back for generations to come.

"Without it the key rail routes connecting London, the Midlands and the North will be overwhelmed. HS2 will provide the capacity needed in a way that will generate hundreds of thousands of jobs and billions of pounds worth of economic benefits.

"The government is committed to managing the cost within the budget we have set for the project."



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