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## Doubts over UK's runaway train line

### Whitehall is rightly sceptical of HS2, but for wrong reasons

**T**he proposed high-speed rail link that would connect London to the cities of Birmingham, Leeds and Manchester will, if it is built, touch millions of lives. Workers and businesses will relocate. Property prices will rise and fall. Jobs will be created and others lost. Areas of natural beauty will inevitably be scarred. Even the character of the country may change, if people begin to move more readily between England's cities.

Such a far-reaching project is bound to produce disagreement. That is partly because its effects are uncertain and partly because there will be both winners and losers. People also harbour different visions of the kind of country they want Britain to be.

Whether the link should be built is therefore a political question. Its supporters should say what it would accomplish and how much it would cost, and try to rally support. Instead, politicians from all three parties have framed the question as a matter not of conviction but of economic calculus.

In 2010 the government claimed that each £1 spent on the link between Birmingham and London would deliver benefits worth £2.40. Embarrassingly, it has since had to acknowledge serious mistakes in this calculation. By August 2012, the ratio of benefits to costs had almost halved. Since then, the estimated cost has continued to climb.

Yet these mistakes are as irrelevant to the case for HS2 as the cost-benefit analysis of which they are a part. Most of the benefits included in the analysis are supposed to come from time saved by business travellers who would otherwise spend longer on trains. It hardly matters that the government assumed that no work ever gets done on trains. Even if it had not forgotten the existence of laptops and mobile phones, it should have known that such benefits were not enough to justify what has been billed as the most important infrastructure investment in a generation. Such a flimsy rationale would never have been expressed in words, and should not have been buried in figures.

Used with rigour, cost-benefit analysis can force policy makers to consider the effects of their proposals in a systematic way. But it is not a substitute for political debate. A project that yields net social benefits may nonetheless be grossly unfair to some. Moreover, the public – rather than bureaucrats and economists – must be the final arbiters of social value.

It would be welcome, therefore, if the government were now to discard its discredited

attempt to prove the worth of HS2 and begin to inquire whether Britons value it. Instead, a tug of war is emerging between the scheme's proponents and detractors, to swing the direction of the numbers within the irrelevant analytical framework that has come to frame a phoney debate.

The government's official estimate of construction costs stands at £42.6bn, expressed in 2011 prices. According to a report in the Financial Times, however, senior Treasury officials who are opposed to the scheme have begun quoting a construction cost of £73bn. Yet this number is higher only because it is measured on a different scale, which includes value added tax payments that will be returned to the government, and price inflation that has no effect on real costs. Sceptical mandarins may as well have resorted to expressing costs in pennies instead of pounds.

The Financial Times continues to believe HS2 is a white elephant. Bigger benefits could be had from upgrading existing railways and building roads. If the government believes this assessment is wrong, it should explain how the link would contribute to Britain's economy and national life. If others in Whitehall share our misgivings, they should say so forcefully. They should not hide behind the inept statistical subterfuge to which the link's proponents so often resort.

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