

# The New York Times

## Study Finds Steady Overruns in Public Projects

*Michael Wilson. New York Times.* (Late Edition (East Coast)). New York, N.Y.: [Jul 11, 2002](#). pg. A.14

Cost overruns for large public works projects have stayed largely constant for most of the last century, according to a study of 258 projects published this week in The Journal of the American Planning Association.

When predicting the expenses of transportation projects, economic forecasters and project promoters in the United States, Europe and elsewhere have made underestimates costing the public hundreds of billions of dollars, said Bent Flyvbjerg, a professor at Aalborg University in Denmark who wrote the study.

Project estimates between 1910 and 1998 were short of the final costs an average of 28 percent, the study found. The biggest errors were in rail projects, which ran, on average, 45 percent over estimated costs. Bridges and tunnels were 34 percent over; roads, 20 percent. Nine of 10 estimates were low, the study said.

The study also noted that estimates are no more accurate now than they were 90 years ago.

"No learning is taking place among the professionals doing these budgets," Mr. Flyvbjerg said.

"Either the people who do the budgets are incredibly stupid, but this is highly unlikely," he added. "The other possibility is they manipulated the budgets to make sure the projects are approved."

Alan Altshuler, a professor of urban policy and planning at the John F. Kennedy School of Government at Harvard University, applauded the study -- while stopping short of branding contractors as liars.

"The whole structure of incentives is extremely strong to underestimate costs," he said. "The temptation is very strong to take the most optimistic view because it's helpful in getting the project approved."

Martin Wachs, a professor of city and regional planning at the University of California at Berkeley, agreed that large projects were particularly vulnerable to underestimates. "You have to make some assumptions of the future in preparing a forecast," he said. "Why not develop a forecast that supports a particular position?"

Public awareness of underestimated costs remains low, the study found, in part because news coverage is inconsistent, Mr. Altshuler said. The time between the first estimate and project completion -- up to 20 years in some cases -- can span generations in some newsrooms.

A New York project in the study is the Holland Tunnel, completed in 1927 at a cost of \$48 million. Mr. Flyvbjerg said initial estimates for the project were 52 percent lower.

The Channel tunnel between England and France came in 80 percent over budget. Boston's Big Dig -- to put the city's major highways underground -- which began 15 years ago with a projected cost of \$4.5 billion now has a price of \$14.6 billion.

Mr. Flyvbjerg suggested more openness in the estimate process. The more public awareness and participation, the more accurate the estimate might become, he said.

The study, though, found little incentive for change. Mr. Flyvbjerg said he had difficulty getting builders to discuss the subject. "People run away screaming," he said. "It doesn't look good for the profession."