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Article of the Day, October 22 by Mark Milke

HoweStreet.com

The car is still king

National Post, Thursday, October 21, 2004



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In an updated version of Dante's hell, a level would be created for politicians who fund reports which then recommend billions more dollars in taxpayer funding for the studied subject. The latest example of this circular tendency comes courtesy of Calgary's Van Horne Institute which, while it does some excellent work, was given \$800,000 by the federal and Alberta governments to see if a high-speed rail link between Edmonton and Calgary was viable.

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The answer from the hired consultants and the transportation-related companies they appraised for their opinion -- including corporate welfare recipient Bombardier and tax-draining Via Rail -- was predictable. "High speed rail now feasible for Calgary-Edmonton," proclaimed the headline on the 119-page report.

Two options were given. The first was over \$1.8-billion to upgrade the Canadian Pacific Railway line with Bombardier's JetTrain technology, which would have trains whooshing past Alberta's wheat fields at 230 kilometers an hour. The second was a gold-plated version at \$3.7-billion (similar to France's TGV), which would speed along at 300-kilometres-per-hour.

One hates to be critical of rail enthusiasts. I've traveled on high-speed trains in Europe and Japan and quite like them. The ride is quiet, the economy class feels like the equivalent of business on planes, and the seats are uber-comfortable.

But a reality check is needed here. The Calgary-Red Deer-Edmonton corridor contains 2.2 million people; the population surrounding the Japan high speed rail system is 60 million. I like crowded cities and their accompanying inter- and inner-city train service, but for many Albertans, the car will still be more convenient for most trips, especially when it's minus 30. Alberta's cities are spread out; we simply don't have the density of the Kobe-Osaka-Tokyo region and won't for a long time, if ever.



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Some of the assumptions in the Van Horne study are also highly questionable -- for example, that three-quarters of future high speed rail traffic passengers would be former car commuters. If such people could be easily persuaded to switch travel modes, why wouldn't they already use the bus if it's mass transportation they desire, or air travel if they want a quick trip?

Similarly, the claim that high speed rail would have a positive economic impact and generate new tax revenues should also be viewed with some skepticism. Instead, it might merely displace some pre-existing economic activity and tax revenues -- something the study implicitly admits when it assumes all business bus travelers would switch to rail.

The same logic applies to the purported environmental and social benefits; for example, cars are far less polluting than they were 20 years ago, so it's not a given that rail would make that much environmental difference.

High-speed rail in Alberta is feasible only one way: with billions of taxpayer dollars. The study itself notes that interest-free government grants of between \$1.5 billion and \$3.7 billion would be required depending on the chosen option. It claims that part or all of that initial cash outlay could be repaid over decades, but that assertion doesn't include the interest or opportunity costs.

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Also, no matter how cautious high-speed rail advocates are in their initial projections about capital expenditures and eventual revenues, transportation megaprojects often end up busting the public piggy bank. This is not to cast aspersions on the Van Horne institute or its consultants; it's just that megaprojects are so routinely over-budget that three European professors were able to write a book on the subject.

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In Megaprojects and Risk -- An Anatomy of Ambition, Bent Flyvbjerg et al detail cost over-runs that occurred in the United Kingdom, Denmark, France, Sweden, Portugal, Germany, Hong Kong, China, Malaysia, Thailand, Japan, Australia, Canada and the United States. Their conclusion? "Whether we like it or not, megaproject development is currently a field where little can be trusted ... especially not numbers produced by analysts."

Even more relevant to the Alberta-needs-a-high-speed-train claim is the professors' analysis of rail passenger traffic. Compared to forecasts for opening year traffic, actual passenger volumes ranged from just five percent of predictions (the Calcutta Metro) to 18% for the UK-France "Chunnel" and only 25% for the Paris Nord TGV line. "We conclude that the traffic estimates used in decision making for rail infrastructure development are highly systematically and significantly misleading," wrote Megaprojects' authors.



Alberta's politicians should keep in mind the worldwide record on passenger rail lines and Canada's own experience with megaproject overruns, including B.C.'s fast ferries and the Montreal Olympics. Those projects forever tainted the politicians associated with them. It also made them excellent candidates for the next version of the Inferno.

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