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Liberals want to revive high-speed rail

By Harris MacLeod

There is speculation on Parliament Hill that the opposition Liberals will include a proposal to bring high-speed rail to Canada in their election platform, but the projected \$18.3-billion cost of such a project would make for a tricky balancing act on the high-wire of public opinion, says EKOS pollster Paul Adams.

"It would link to the Liberals' broader economic appeal that they want to make that they're forward looking, that they're not just about managing the economy in the very near term, but that they're going to build the economy of the future.

All of those themes you can understand, and you can see why there would be some political appeal in certain parts of the country, but it's not easy to reconcile with balanced budgets," Mr. Adams said.

The possibility of bringing high-speed rail to Canada, with either a route linking Calgary and Edmonton, Alta., or an older and grander pitch for an high-speed rail line on the Quebec City to Windsor, Ont., corridor, is an old idea. There have been 16 feasibility studies, spanning 20 years, on the latter proposal, and there is another one currently underway that was commissioned by the governments of Quebec and Ontario, and the federal government, which will be completed next year. The last study, completed in 1995, pegged the cost at \$18.3-billion, spread out over 10 years.

The report cited a plethora of benefits that would come with a high-speed rail line between Quebec and Ontario, including reduced energy consumption, a decline in greenhouse gas emissions, and cutting the travel time between Montreal and Toronto to two hours and 18 minutes, down from four hours. But Mr. Adams said the Ignatieff-Liberals would like to inherit the fiscal responsibility brand from former prime minister Paul Martin, who as finance minister took Canada from deep deficits to impressive surpluses, and high-speed rail's hefty price tag could make that difficult. He added that the idea could be successful in attracting left-leaning NDP-Liberal swing voters, but it could scare off the fiscally conservative, socially liberal Red Tories that view Mr. Ignatieff more favourably than former leader Stéphane Dion (Saint-Laurent-Cartierville, Que.).

Liberal transport critic Joe Volpe (Eglinton-Lawrence, Ont.) in an interview last week with *The Hill Times* wouldn't confirm whether high-speed rail is in his party's platform, which has been completed but won't be released until an election is called. But he's not shy about voicing his own support for the infrastructure project, and he noted that his leader, Michael Ignatieff (Etobicoke-Lakeshore, Ont.), hasn't been shy about it either.

"You've read his book on what he thinks about high-speed rail," he said, referring to Mr. Ignatieff's last book, *True Patriot Love*, in which he wrote about the seminal role the railway played in Canada's development, and how the country could use a similar nation-building project. "He's been quoted as someone who thinks this is a project that has to be done. It's a missing element in the economic development of the country and the industrial strategy, and that encompasses not only economic development, but sustainable economic development and environmental issues," said Mr. Volpe.

Mr. Volpe said he has consulted exhaustively with industry and experts, and he's reported back to Mr. Ignatieff.

"I went out and spoke to every possible stakeholder in a high-speed rail system," he said. "The leader is going to be in a position where he can say there isn't anybody that is a part of this, or that can be a part of this, that hasn't been spoken to."

Mr. Volpe shrugged off the cost of implementing HSR, and pointed to the massive investments some European, and Asian countries are undertaking. He singled out Spain, which has poured huge amounts of money, much of it coming from the EU, into improving and expanding its rail system. Between 2004 and 2020 the Spanish government will have invested \$168-billion in high-speed rail.

"The Spaniards are making investments that would cause us to shrink in embarrassment when we say it involves too much money. The money that they have already invested in the last 10 years is in the order of 10 times what we're talking about," he said.

When asked how his party would defend against the "tax and spend Liberal" taunt that the governing Conservatives would likely hurl at such a costly proposal, Mr. Volpe said the government has run a multi-billion deficit trying to stimulate the economy, and that there will be few long-term benefits to show for it. He also pointed out that since the costs of the project would be spread out over 10 years, the figure a Liberal platform would present to voters would only have to cover the expenditure for the first year.

"If your price tag is \$20-billion, it means next year you're spending \$2-billion, and you know what \$2-billion a year is going to buy you? It's going to buy you all of that technology, and all of those benefits. This year the government of Canada has already overspent by \$50-billion, tell me what advantage they have seen as a result of that structural deficit—that's the message for everybody," he said.

But Mr. Adams said that kind of an argument would be a "big fat sitting target" for the Tories.

"One of the things that was established during the Chrétien-Martin years was medium-term fiscal planning where you looked out three, five years and tried to track out precisely the implications of a program in each consecutive year," he said. "There's a reasonable prospect for large deficits in the medium term. To say, 'It's not going to cost as much in the short term, and we're not going to tell you much about what's going to happen in the medium-and-long term.' Given that the real concerns are medium term, that would be a big fat sitting target for the government."

But while high-speed rail's inclusion in the Liberal platform may present a challenge in living up to the "Chrétien-Martin fiscal tradition," Mr. Adams said a long-term visionary project could help revive the Liberal brand. Both Mr. Ignatieff and Mr. Volpe have said that reinvesting in Canada's railway system would be a nation-building project that would foster national unity.

"The Liberals, if you look back to the Trudeau and the Chrétien years, were able to identify their party as a kind of national brand that is represented in certain fundamental Canadian values around medicare, around approach to immigration, and peacekeeping...all of these things were wrapped around the Liberal brand. Part of what the Conservatives have done is to move in on that territory by trying to redefine what it is to be Canadian with a more robust military, and a more independent foreign policy, less multilateral, and the Arctic stuff...which has tried to established a kind of counter brand," said Mr. Adams. "It's shrewd of Michael Ignatieff to recognize that the national brand of the Liberals was a key element in their success and that it needs to be polished up, refurbished, and updated. From that context the high-speed rail makes sense for them, as part of that vision. Now whether it also makes sense fiscally is another issue, and that's the bigger challenge."

Chris Kennedy, a University of Toronto civil engineering professor and economist who was one of the contributors on a report on Ontario's economic future commissioned by Premier Dalton McGuinty, titled "Ontario in the Creative Age," said a high-speed rail line

from Windsor to Quebec City is attractive from an environmental perspective, but might not make sense economically. He noted it would be competing with airlines, and that it would not necessarily transport passengers any faster than planes do currently.

In his report Prof. Kennedy studied the possibility of building a much shorter HSR line, about 560 km long, which would link the industrialized cities of Southern Ontario's densely populated Golden Horseshoe, such as Niagara Falls, Hamilton, Mississauga, Oshawa, Kitchener, Waterloo, Guelph, London, and Toronto. He said, as an example, the HSR line would cut the commute from Waterloo to Toronto, which at rush hour takes an hour and 45 minutes, down to 50 minutes. Prof. Kennedy said the effect would be like making the mid-sized cities of the Horseshoe and Toronto into "one large city."

The economic benefits of such a project would be difficult to quantify, he said.

"You're talking about fundamental changes in the macroeconomy. You're expanding the size of markets, all different types of markets, and you get all sorts of economies of scale that are going to rise from that. You're connecting innovation centres within an economy which you expect to give rise to new innovations, and new ideas, and new products," said Prof. Kennedy.

In addition to the economic benefits, high-speed rail in the Golden Horseshoe would also shape where people in Southern Ontario settle; it would discourage outward sprawl, and encourage denser populations around the various transit hubs. And while investing in any transportation infrastructure projects incurs a greater cost to reduction ratio in terms of greenhouse gases, if Ontario hopes to achieve the steep emissions reductions it's set out for itself then it will require some large-scale investment, said Prof. Kennedy.

He also noted that governments weren't always so timid about large infrastructure projects; 50 years ago Ontario spent roughly 25 per cent of its budget on infrastructure, and in 2007 it spent six per cent.

"We're really low in our infrastructure spending relative to years of major infrastructure investment and this new economy, this new green economy is going to require new green infrastructure systems," said Prof. Kennedy.

Conservative MP Dean Del Mastro (Peterborough, Ont.), chair of the multi-partisan Rail Caucus, that meets periodically to discuss railway issues, is a supporter of high-speed rail and believes it can be economically sustainable, but he said there are a lot of questions that still have to be answered before any action is taken on the project.

Mr. Del Mastro said that with the current state of the economy, and with both federal and provincial governments running large deficits, it's not possible to invest in everything, and therefore many factors have to be weighed to determine whether high-speed rail is a priority for today.

"It's great to look at high-speed rail and to talk about the possibilities of it, but you also have to look at what you can't do if you choose to undertake a high-speed rail project. So what projects will you not be able to do, and would those projects pay a more significant benefit to society?"

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