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**FEATURES: Big Project Financing
Railway Diversification**

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JR East's Series E2 EMU on
Nagano Shinkansen. (JR East)

(Original cover Photograph showing track and
electric equipment inspection train on the same
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Editorial

Private or Public?

When the Channel Tunnel construction started in 1987, a senior Japanese civil engineer told me that the long-awaited project would finally succeed. He said that the project would never be abandoned because there was no government involvement, citing the previous project cancelled by the British government in 1975. He also said that, because of private funding, Eurotunnel would try to finish the construction as promptly as possible in order to recover the investment quickly. He was right in every respect. The tunnelling works progressed remarkably well, and it became one of the greatest engineering achievements of this century.

But the real construction costs turned out to be much higher than estimated, causing a long series of troubles between Eurotunnel and the contractors. Although both governments were not involved financially, the Anglo-French Intergovernmental Commission's order to alter the rolling stock design played a crucial role in delaying the start of commercial services. Seeing Eurotunnel's troubles, by 1990, most Japanese banks were reluctant to finance the project further. It was the British Prime Minister who wrote a personal letter to the Japanese PM asking him to persuade the bankers, and they finally agreed to loosen their purse strings. Many private investors bought Eurotunnel shares believing that it was a government-sponsored project.

The project was certainly private in legal terms, but people always saw the governments' hands behind the scenes, and it was this illusion that made the centuries-old dream reality. One may wonder whether the project should have been financed privately or (at least in part) publicly?

T. SUGA

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