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High-speed rail would take 8 states for a ride

Steve Stanek, Guest Column

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It's probably appropriate that the governors of eight Midwest states have just signed a deal to try to establish a regional high-speed rail system.

The National Conference of State Legislatures says these states have a combined budget deficit of \$28.1 billion this year, demonstrating the governors know a lot about losing money and soaking taxpayers, which is what citizens in these states can expect if their leaders' high-speed rail fantasies become reality.

Numerous studies show that nearly everywhere high-speed rail runs, including Europe and Asia, government subsidies keep the systems afloat.

This really should come as no surprise. If there truly were enough consumer support for high-speed rail, governments would not be involved. Private companies would provide the service and pocket the profits.

But private investors know ridership is almost always too low and operating costs too high to make a profit. They know the truth recently spoken by Inaki Barron de Angoiti, director of high-speed rail at the International Union of Railways in Paris. Despite his professional stake in high-speed rail, Angoiti candidly told The New York Times the short Paris-Lyon and Tokyo-Osaka routes are the only ones in the world that have managed to break even.



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As transportation expert Wendell Cox recently wrote in *Budget & Tax News*, “Rail promoters have never produced financial statements prepared in accordance with generally accepted accounting standards to show any high-speed rail systems are profitable. Invariably, services are provided by government-owned railways or other large companies that do not report fully allocated costs and revenues for high-speed rail.

“In some countries,” Cox continues, “government payments that would be called subsidies in the United States are called commercial revenues. In others, high-speed rail operators operate over tracks owned by government infrastructure companies, which are likewise subsidized in some cases.”

In the one high-speed rail system that is privately run, with good financial transparency and without government subsidies — in Taiwan — *Taiwan Today* recently reported ridership is 90,000 versus the projected 275,000 a day, and described a “loss-plagued” system that is struggling to restructure its debt.

None of this matters to the governors of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, and Wisconsin, who tell us not to worry, their new Midwest Rail Steering Group plans to beg the federal government for a share of more than \$8 billion in federal stimulus dollars devoted to high-speed rail. This money would be just to get planning for the trains rolling. Billions more would be needed after that.

The federal government, in its turn, also tells us not to worry about its \$2 trillion budget deficit this year, and a national debt that has more than doubled to \$11 trillion in the past eight years. The government will print the money, or borrow it, or tax for it, future generations be damned.

State and federal leaders also ask us to ignore a March 2009 U.S. Government Accountability Office report that concluded rail projects would have “little impact on the congestion, environmental, energy and other issues that face the U.S. transportation system.”

Kristina Rasmussen, executive vice president of the Illinois Policy Institute, recently noted, “The plan only calls for upgrading tracks to allow trains running up to 110 mph (with average speeds of 55 to 75

mph). Trains on the Milwaukee Road line were running that fast over 70 years ago.”

Rasmussen added, “Rolling out ‘true’ high-speed rail (which calls for trains running up to 220 mph) from Chicago to St. Louis would come with a price tag of \$11.5 billion. Ouch. That’s like doubling the amount of Illinois’ budget deficit! And that’s not including the cost of new trains or inevitable maintenance.”

Ah, but what about the environmental benefits? Transportation expert Randal O’Toole at the Washington, DC-based Cato Institute concluded in a just-released report, “Far from being an environmental savior, high- and moderate-speed trains are likely to do more harm to the environment than good. In inter-city travel, automobiles are already as energy-efficient as Amtrak, and the energy efficiencies of both autos and airliners are growing faster than trains. The energy cost of constructing new high-speed rail lines will dwarf any operational savings. As the state of Florida concluded in 2005, “the environmentally preferred alternative is the No Build Alternative.”

Midwesterners can only hope the No Build Alternative to this high-speed rail boondoggle comes to pass.

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