

Runaway Train – Obama’s High Speed Rail “Investments” a Bad Idea

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High speed rail can travel up to 160 miles per hour. Pretty darn fast. The only downside is, it wastes taxpayer money almost as quickly.

The budgetary history of government rail projects is an ugly one. In fact, after some cursory research, I could not find one single high speed rail project in the world that didn’t receive an enormous government subsidy. Not one!

Japan is often the country most associated with high-speed rail. The state-owned Japanese National Railways has run an operating deficit every year since the opening of its first high speed line. In the late 80s, after continuous deficits led to a financial crisis, the government privatized the railway. Today, private operators are earning a “profit” but only because rail service continues to receive a generous subsidy.

Europe has faced similar problems. France, by far Europe’s number one high-speed rail carrier, has actually seen a decline in use over time. In 1980 rail accounted for 8.2% of passenger travel, according to research done by the Cato Institute, by 2000 it had declined to 6.3 percent despite the advent of high speed rail. University of Paris economist Remy Prud’Homme told Cato that, “Users pay about half the total cost of providing the service,” and estimates that rail service receives about \$100 billion in subsidies each year.

Despite this reality, when Obama sold his stimulus plan he said, “I am always jealous about European trains. And I said to myself, ‘why can’t we have high speed rail?’ And so, we’re investing in that as well.” Apparently jealousy trumps sound-economics in this White House.

The United State’s experience with government run rail is similarly disastrous. Amtrak lost money on 41 of its 45 train lines in 2008, according to a study done by Pew Charitable Trust. The average loss per passenger on trains was approximately \$32. One train, serving the east coast from New York to Miami, which you would assume would be one of its more profitable lines, had a \$145.23 per passenger loss. It literally costs taxpayers hundreds of dollars every time someone stepped on that Amtrak train.

Don’t even get me started on the Washington, DC metro system. We can’t get escalators to work, trains to run on time, or track maintenance done properly and it still operates with a 68 cents per-passenger subsidy!

Despite this ugly reality President Obama has seemed hell-bent on bringing high-speed rail to the United States. He used a major portion of the stimulus bill to kick-start investment in high speed projects. Now he is after more money. President Obama used his recent State of the Union address to make the case for more “investment.” He said,

“Our goal is to give 80 percent of Americans access to high-speed rail. This could allow you to go to places in half the time it takes to travel by car. For some trips, it will be faster than flying – without the pat-down.”

I’d laugh if it weren’t such an awful idea. Now Senator John Kerry is offering a bill to provide more grant funding for high speed rail projects, arguing that, “It’s so obvious that if you can bring trips down in time, we would be wasting less time from families, move products faster, raise property values, and create jobs in a larger area.”

President Obama and Senator Kerry are both focused on the wrong thing – time. But in this case time isn’t money, in fact it’s just the opposite. Saving people’s time is no doubt a good thing, but the question we must ask is: at what cost?

Just ask California. Obama gave them \$2.3 billion to help launch a high speed rail line that will connect its most populous areas – Sacramento, San Francisco, Los Angeles and San Diego. Of course that \$2.3 billion isn’t going to go along way when some estimates for the project say it will cost as much as \$80 billion. Who is going to fill the gap in a state where its budget is in shambles and they had to furlough teachers in order to save money?

The fact is, high speed rail just doesn’t make sense in the United States. We are not Japan, or even Europe, when it comes to the size or population density of our country. With the exception of the Northeast (where we still cannot demonstrate that passenger rail can turn a profit) our cities are too far apart to justify the infrastructure investment required.

Geography is not the only issue. We also have our existing freight railways to contend with. As Steve Forbes explains in a must-read article about the failure of high-speed rail,

“While Europe focused on moving people by rail, we focused on moving freight, which is why the U.S. has by far the best and most efficient freight railroad system in the world.”

Nevertheless, the Administration is undermining this impressive achievement. Transportation expert Robert Poole of the Reason Foundation points out: “[There is an] inherent conflict between high-speed passenger rail and freight rail. Because the service characteristics are so different, you can optimize a rail system for one or the other, but not both.”

High speed rail is simply the wrong choice at the wrong time for America. We are deeply in debt and in dire need of spending discipline. If we really want to “invest” in our future, we should at least do it in something that offers a reasonable rate of return. The history of high speed rail shows that it does not.

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