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Canceled NJ tunnel reflects mood on spending

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By [Edith Honan](#)

NEW YORK (Reuters) - The battle over whether to build a new rail tunnel between Manhattan and New Jersey illustrates the choice facing voters in November's elections: stimulate the economy or cut costs.

In killing the project, New Jersey Governor Chris Christie, a Republican who won't face re-election until 2013, may have picked the winning side, experts and polls suggest.

Christie withdrew from the multibillion-dollar project that would have generated 6,000 construction jobs building a tunnel under the Hudson River, saying his state could not afford the billions of dollars in expected cost over-runs.

That set him up on one side of a clear divide in U.S. politics before November 2 elections: one that sees big government and higher taxes as a threat to prosperity, and another that prefers greater public spending on infrastructure to lift a sagging economy.

A Rasmussen survey conducted in September after President Barack Obama announced a \$50 billion jobs and infrastructure plan found a majority of U.S. voters thought cutting government spending and deficits was a better way to create new jobs than the president's proposal.

"Nobody wants to have the big-spending tag dangling from their lapel," said Lee Miringoff, director of the Marist Institute for Public Opinion at Marist College.

Christie, who inherited the project from his Democratic predecessor, is "drawing a line in the sand, and he wants to make a very noticeable political splash that says he's a fiscal conservative," Miringoff said.

TWO WEEK REVIEW

Under pressure from the federal government, Christie agreed to review the state's options for two weeks, leaving hope for some kind of compromise.

His stand could also embolden Republicans as they attempt to wrest control of Congress from the Democrats on November 2, when U.S. voters will select all 435 members of the House of Representatives and 37 of the 100 seats in the Senate.

The election is seen as a referendum on Obama's performance on the economy, particularly with unemployment stalled at 9.6 percent despite his \$800 billion-plus stimulus plan from 2009.

Voters such as those supporting the conservative Tea Party movement are also upset at what they see as big spending by the federal government, which has run up a record \$1.47 trillion budget deficit while shifting more government duties to the states.

Meanwhile, Republican candidates for governor in Wisconsin, California, Florida and Ohio have attacked plans for high speed rail links in their states saying they will quash or delay the projects if elected, even if it means losing out on billions in federal money.

The 8.8-mile (14.2-km) tunnel was to be the nation's largest public works project and would have doubled the rail capacity between New Jersey and midtown Manhattan.

Transit advocates say the new link is crucial to relieving the bottleneck in the current tunnel as commuters traveling between New Jersey and midtown Manhattan are often delayed.

Financial analysts say the state's economic growth will choke without the new tunnel. New Jersey's economy depends heavily on commuters who work in New York City.

Under the original deal, the federal government and Port Authority of New York and New Jersey were each to pay \$3 billion, with \$2.7 billion more coming from a combination of other federal funds, including stimulus and clean air funding, as well as a New Jersey Turnpike Authority contribution.

But Christie said last week the cost could rise to more than \$11 billion and even surpass \$14 billion, possibly doubling or tripling the state's bill.

PROTECTING THE STATE

"I don't think he disagrees with the value of the project. I think that he is trying to protect the state of New Jersey from having to absorb any extra costs," said Mitchell Moss, the director of the Rudin Center for Transportation Policy and Management at New York University.

"The governor of New Jersey is in a very strong bargaining position. He is saying he doesn't want to pay the additional costs, and the question is who will," Moss said.

Stimulus spending has formed part of Obama's efforts to revive the U.S. economy, including his \$50 billion infrastructure and jobs

"It's rare for a politician to have the guts to say 'No'" even after a project has begun, DeHaven said of Christie.

Proponents of the New Jersey-Manhattan project have called Christie short-sighted for jeopardizing a popular and necessary public works project.

"To say that I am disturbed by this behavior is an understatement," said Martin Robins, the project's original director and now the director emeritus of the Voorhees Transportation Institute at Rutgers University.

"We're only talking here about highly potential things that could go wrong here, not real costs," he said. "There was loose talk with big numbers and people who were enemies of the project really seized on that."

(Additional reporting by [Lisa Lambert](#) in Washington; Editing by [Daniel Trotta](#) and [Jerry Norton](#))

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