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## The New York Times

Friday, August 21, 2009

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# **Freakonomics**



The Hidden Side of Everything



August 21, 2009, 1:50 pm

## **The Bottom Line on Top-Speed Trains**

By Eric A. Morris

**Edward Glaeser** (over at the Economix blog) and I have been writing about high-speed rail (HSR) over the <u>past couple of weeks</u>; he just finished his cost-benefit analysis of a <u>hypothetical Dallas-Houston line</u> with a look at land-use impacts. His overall conclusion, even making some very generous assumptions in favor of rail, is that the line would be a net cost to society of at least \$375 million per year. This includes HSR's potential environmental benefits as well as the direct gains to riders.

A couple of caveats are in order. First, transportation investments are highly context-sensitive; Dallas-Houston may not pencil out, but other lines may have more potential. Glaeser and I will return to this in a couple of weeks.

Second, we have been considering a true electric high-speed rail system with average speeds of 150 m.p.h. or more. Florida has flirted with such a system, but currently only California is in the advanced stages of planning one. This is where much if not most of the stimulus money will eventually go. The proposals on the table for the rest of the nation are currently much more modest; while electric HSR is the endgame, for now plans focus on maintaining what we have or on raising the top speeds of existing Amtrak trains (outside the Boston-Washington and Los Angeles-San Diego corridors) from 79 m.p.h. to 110 m.p.h. This sounds quite fast, but average speeds would be well below the top speeds; we'd be looking at an effective increase from about 40 to 50 m.p.h. to about 70 to 75 m.p.h. This would be done through many small-scale improvements to existing freight routes, including upgrading track, signaling systems, and crossings.

But even this more modest strategy is not inexpensive. Current estimates are vague, but one puts the cost of upgrades to three comparatively modest Midwest segments (Chicago-St. Louis, Chicago-Detroit, and Chicago-Milwaukee-Madison) at \$4 billion. This totals out to \$200 per resident of those cities, a considerable amount given that most of those people will use the service rarely, if at all.

Moreover, this path will not have the transformative environmental benefits that HSR backers tout, since the services in question will <u>use diesel trains</u> and will not travel at game-changing speeds.

Certainly neither Glaeser nor I pretend to have the last word on this topic. We are looking to start some debate, not finish it. So if you want to learn more on the pros of true HSR, check out the <u>California High-Speed Rail</u> Authority's site, or this report for the views of an articulate critic, the Cato Institute's **Randal O'Toole**.

I personally am a skeptic, but it's not because I don't think HSR is cool. In fact, a love of high-speed rail was one of the things that got me into the transportation field. I have extensive experience planning, designing, constructing, financing, and operating HSR networks; these have spanned the nation and have been terrifically elegant, with state-of-the-art locomotive technology and thousands of miles of flat, straight track to keep speeds high.

However, those HSR systems were built from electricity, not steel. And while the HSR currently being proposed will cost tens of billions, the cost of my HSR network was comparatively modest: perhaps \$30 in fixed costs for the purchase of the computer game *Sid Meier's Railroad Tycoon*, plus negligible variable costs for the power to run my computer and depreciation on my mouse button. The sum total of the utility I experienced from this kind of HSR paid for those costs many times over.

Costs in the real world are quite different. HSR is an exciting idea, and if we could make it appear by magic wand it'd be a terrific addition to our transportation network. But everything has a price, and the way things currently stand, the projected costs look like they outweigh the benefits. If the thought of some ominous budget numbers lurking on a piece of paper in far-off Washington doesn't move you, consider the opportunity costs of this spending, in terms of health care, education, the economy, defense, or a (more effective) method of slowing global warming. Or if you want to keep the money in the realm of transportation, it could go to address what I consider to be the more serious problem we are facing: moving people around within our cities, not between them.

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transportation

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#### 6 Comments

1. 1. August 21, 2009 2:16 pm Link

I would be interested if the Space Program of the 1960's or the Interstate Highway system of the 1950's would with stand this analysis?

Or the Roman Aqueducts.

The whole series has the feel of a straw man. Why is there no discussion of the lest cost alternative to the HSR. Such as road maintaince and expansion projects. thank you.

— Robot Mistake

### 2. 2. August 21, 2009 2:36 pm Link

This man seems to be doing a hatchet job on behalf of the automobile lobby. I am no economist, nor pretend to be one but with my 15 years of advising companies on transportation and infrastructure, I can assure you that the comparisions being made are biased at the very least and tainted in all likelihood. Railway travel is not about the cost of the infrastructure alone. Add to that the mandays saved in productivity terms as rail travel saves mandays in comparision to roads and often even against air (for shorter distances).

Add to that the multiplier economics of additional ancillary industry and retail work associated with railways. Add to that enhanced safety and hence lower insurance. Add to that vastly improved comfort. Add to that constantly increasing demand from passengers who continue making the switchover. I mean the list of adds is almost infinite.

The negatives: Capex can be large. However in a recessionary environment, that is the easiest thing for a govt. to rustle up.

Gestation periods can be high.

Demand will build up progressively and hence impact shorter term revenue.

There will be armchair sceptics like the blogger above.

-deb

## 3. 3. August 21, 2009 2:37 pm Link

Wonderful! The key to the transportation mess is the 10 miles each way many people go twice a day, not the 200 mile trips only a few people make, relatively speaking.

- BenK

#### 4. 4. August 21, 2009 2:43 pm Link

In the context of economic development of our regions, we suffer from a lack of good transportation connections between our cities. Read Richard Longworth's book Caught in the Middle for an intelligent view of the Midwestern economy, blaming the relative isolation of our intellectual capitals in universities from our business capitals in cities for some of our economic problems (and calling for high speed rail to integrate the region for stronger economic development).

There are essentially three ways to connect the people and businesses of regions together for greater economic growth: roads, rail or air. We're now connected by roads, but for trips of greater than 200 miles, few like to drive for three hours. Our air network is shrinking, not expanding, particularly as the price of oil continues to rise.

We are largely not connected by rail. Thus, all investments in rail will have a disproportionate benefit relative to roads and air, since we're so under-invested in rail. There is a lot of low-hanging fruit in rail investments.

And especially if we electrify our tracks (as we should) so we shift from oil to coal, nuclear or renewables

to power transportation, our economy grows even more (since we won't be exporting wealth to oil-producing nations).

Investing in better rail infrastructure for intercity trains benefits intracity trains as well. The Chicago-St. Louis track is a great example: because of the investment in double- or triple-tracking the rail ilne out of Chicago past Midway airport to Joliet, we'll be able to significantly improve commuter rail service on that line as well. There are lots of investments that benefit both inter- and intra-city rail.

Finally, my client, the Midwest High Speed Rail Association, conducting an engineering report on 220 mph, electrified service between St. Louis and Chicago. I think your readers would be interested in it. <a href="http://www.MidwestHSR.org">http://www.MidwestHSR.org</a>.

- Dan Johnson-Weinberger
- 5. 5. August 21, 2009 2:55 pm Link

Having used and loved a number of HS trains in Europe, I must wonder how useful they would be outside of the NE Corridor for business travel Even in California, the places you're going are seldom anywhere near the train station, and the things you're doing there almost always require a car anyway.

For example, do the math on a trip from San Diego to visit clients in Silicon valley. Even in the unlikely event that they put a stop in San Jose, the time and trouble of renting a car would make this trip comparable to flying.

HS travel might make sense if you're planning to stay where you're going. But these are not the business travelers who value saving time in the first place.

- Donald
- 6. 6. August 21, 2009 3:07 pm Link

It would be much better if we spent the public tax dollars on a stadium so a privately owned team of super rich athletes could play in air conditioned comfort.... Oh wait.

— paulwesterberg

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#### **About Freakonomics**

Stephen J. Dubner is an author and journalist who lives in New York City.

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Steven D. Levitt is a professor of economics at the University of Chicago.

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Their book <u>Freakonomics</u> has sold 3 million copies worldwide. This blog, begun in 2005, is meant to keep the conversation going. Recurring guest bloggers include <u>Ian Ayres</u>, <u>Robin Goldstein</u>, <u>Daniel Hamermesh</u>, <u>Eric Morris</u>, <u>Sudhir Venkatesh</u>, and <u>Justin Wolfers</u>.

**Annika Mengisen** is the site editor.

#### **Naked Self-Promotion**

Blog reader **Tim Long** tells us that *Freakonomics* was one of the answers on a recent episode of the Discovery Channel's *Cash Cab* gameshow, where an unsuspecting cab passenger answers the driver's trivia questions to win prize money. We don't know what the question was, but two possibilities: what book might make you <u>lose your</u> job or has an oft-knocked-off title?



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#### **Comment of the Moment**

" I thought I was just getting older and having a hard time hearing things."

<u>— David</u> Why Is Phone Fidelity So Poor?

#### **FREAK Shots:**

#### **Far-Flung Nuts**



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• Submit your FREAK-worthy photos.

Stuff We Weren't Paid to Endorse

Shopsin's (120 Essex Street) is a New York institution, a restaurant that began as a grocery store; its owner, Kenny Shopsin, is colorful, irascible, and talented. Shopsin's is famous for breakfast but also for its vast, unusual, common-sense menu. Shopsin has just written a book that is half cookbook and half memoir, entirely fascinating. I had never sat down and read a cookbook from cover to cover but that is what happened with Shopsin's book (co-written with Carolynn Carreno). It is called *Eat Me*. The introduction is a reprint of a *New Yorker* article by Calvin (Bud) Trillin, a Shopsin's regular. If you do go to the restaurant, do pay attention to Shopsin's idiosyncrasies, because he allegedly has a Soup-Nazi-like intolerance that may earn you permanent exile from his restaurant. (SJD)

I recently took the kids to see a <u>performance</u> by <u>Jim Dale</u>, the longtime British stage actor (he won a Tony for *Barnum*) who is best known these days as the wildly entertaining reader of the <u>Harry Potter</u> books on tape. He was reading an adaptation of a **Eudora Welty** story called "<u>The Shoe Bird</u>," which he <u>recently recorded with the Seattle Symphony</u>. (It was wonderful, and I encourage you to give it a listen.) Afterward, Dale took questions from the audience -- which, predictably, were about the *Harry Potter* series. Items of interest that emerged: Dale was given only 100 pages of manuscript at a time to read and then record, so he never knew what was coming; and in order to keep track of the 146 voices he'd created for all the characters, he often pre-recorded a bit of the characters' voices and then held a tape recorder up to his ear in the studio to remind himself. (SJD)

If you live in or are visiting New York and have children, do everything you can to take in one of the <u>Young People's Concerts</u> at the New York Philharmonic. Even if you don't love the music on that day's program -- we recently attended "Ravel's Paris," not my favorite by a long shot -- all the extras in the program are terrific: the dancers, composers, instrumentalists, and explainers who are paraded out by conductor **Delta David Gier** to put the music in context for the kids. (SJD)

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August 21

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#### **The Bottom Line on Top-Speed Trains**

Edward Glaeser (over at the Economix blog) and I have been writing about high-speed rail (HSR) over the past couple of weeks; he just finished his cost-benefit analysis of a hypothetical Dallas-Houston line with a look at land-use impacts. His overall conclusion, even making some very generous assumptions in favor of rail, is that the line would be a net cost to society of at least \$375 million per year. This includes HSR's potential environmental benefits as well as the direct gains to riders. A couple of caveats are in order.

August 21 (93)

How Impressive Is Usain Bolt? A Freakonomics Quiz

This is in spite of the fact that there have surely been technological advances in tracks and shoes, as well as

expanding knowledge of weight training and fitness. The world's population has increased substantially, as have nutrition levels, especially in developing countries. The biggest puzzle to me is not how remarkable Usain Bolt is, but rather why it's been so hard to get people to sprint faster.

August 21 (17)

#### **Teach Your Teachers Well**

Of the (very) many large topics on the Obama administration's to-do list, one that has slipped off the radar of late is education reform. I assume Arne Duncan et al. are working hard and will retake the spotlight eventually, maybe even in a few weeks when a new school year begins. It will be interesting to see how much attention is paid to one of the most important, albeit touchiest, topics of school reform: teacher skill.

August 21 (11)

#### **Shocking Unemployment Numbers**

I don't usually write about macro things. But a journalist asked me about the duration of unemployment, and I checked out how this recession compares to previous ones.

August 21 (4)

#### **Bank Robbers' Hours**

According to the FBI's recently released second quarter <u>Bank Crime statistics</u>, bank robbers are most likely to rob a bank between 9 a.m. and 11 a.m. on Friday; more robbers stated their demands verbally than by passing a note, and only 4 percent of incidents involved violence. The FBI also noted that, despite the recession, there were fewer bank robberies than last year.

## From the Opinion Blogs

Schott's Vocab

#### **Weekend Competition: Chronologies for Happiness**

This weekend, co-vocabularists are invited to devise chronological prescriptions for contentment. For example: If you would be happy for a day, get drunk; For two days, get a pig; For a month, get married; And for life, plant a garden.

**Room for Debate** 

#### **Torture and Academic Freedom**

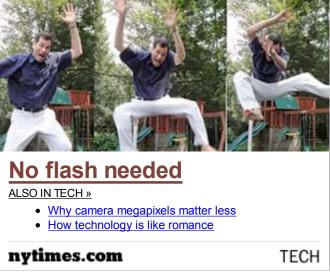
Should John Yoo, an author of the Bush-era "torture" memos, be protected or dismissed from the Berkeley law faculty?

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