High-speed rail is a fast track to government waste

By Robert J. Samuelson
Monday, February 14, 2011

Vice President Biden, an avowed friend of good government, is giving it a bad name. With great fanfare, he went to Philadelphia last week to announce that the Obama administration proposes spending $53 billion over six years to construct a "national high-speed rail system." Translation: The administration would pay states $53 billion to build rail networks that would then lose money - lots - thereby aggravating the budget squeezes of the states or federal government, depending on which covered the deficits.

There's something wildly irresponsible about the national government undermining states' already poor long-term budget prospects by plying them with grants that provide short-term jobs. Worse, the rail proposal casts doubt on the administration's commitment to reducing huge budget deficits. The president's 2012 budget is due Monday. How can it subdue deficits if it keeps proposing big spending programs?

High-speed rail would definitely be big. Transportation Secretary Ray LaHood has estimated the administration's ultimate goal - bringing high-speed rail to 80 percent of the population - could cost $500 billion over 25 years. For this stupendous sum, there would be scant public benefits. Precisely the opposite. Rail subsidies would threaten funding for more pressing public needs: schools, police, defense.

Passenger rail service inspires wishful thinking. In 1970, when Congress created Amtrak to preserve intercity passenger trains, the idea was that the system would become profitable and self-sustaining after an initial infusion of federal money. This never

happened. Amtrak has swallowed $35 billion in subsidies, and they're increasing by more than $1 billion annually.

Despite the subsidies, Amtrak does not provide low-cost transportation. Longtime critic Randal O'Toole of the Cato Institute recently planned a trip from Washington to New York. Noting that fares on Amtrak's high-speed Acela start at $139 one-way, he decided to take a private bus service. The roundtrip fare: $21.50. Nor does Amtrak do much to relieve congestion, cut oil use, reduce pollution or eliminate greenhouse gases. Its traffic volumes are simply too small to matter.

In 2010, Amtrak carried 29.1 million passengers for the entire year. That's about 4 percent of annual air travel (2010 estimate: 725 million passengers). It's also roughly a quarter of *daily* automobile commuters (124 million in 2008). Measured by passenger-miles traveled, Amtrak represents one-tenth of 1 percent of the national total.

Rail buffs argue that subsidies for passenger service simply offset the huge government support of highways and airways. The subsidies "level the playing field." Wrong. In 2004, the Transportation Department evaluated federal transportation subsidies from 1990 to 2002. It found passenger rail service had the highest subsidy ($186.35 per thousand passenger-miles) followed by mass transit ($118.26 per thousand miles). By contrast, drivers received no net subsidy; their fuel taxes more than covered federal spending. Subsidies for airline passengers were about $5 per thousand miles traveled. (All figures are in inflation-adjusted year 2000 dollars.)

High-speed rail would transform Amtrak's small drain into a much larger drain. Once built, high-speed rail systems would face a dilemma. To recoup initial capital costs - construction and train purchases - ticket prices would have to be set so high that

few people would choose rail. But lower prices, even with favorable passenger loads, might not cover costs. Government would be stuck with huge subsidies. Even without recovering capital costs, high-speed rail systems would probably run in the red. Most mass-transit systems, despite high ridership, routinely have deficits.

The reasons passenger rail service doesn't work in America are well-known: Interstate highways shorten many trip times; suburbanization has fragmented destination points; air travel is quicker and more flexible for long distances (if fewer people fly from Denver to Los Angeles and more go to Houston, flight schedules simply adjust). Against history and logic is the imagery of high-speed rail as "green" and a cutting-edge technology.

It's a triumph of fancy over fact. Even if ridership increased fifteenfold over Amtrak levels, the effects on congestion, national fuel consumption and emissions would still be trivial. Land-use patterns would change modestly, if at all; cutting 20 minutes off travel times between New York and Philadelphia wouldn't much alter real estate development in either. Nor is high-speed rail a technology where the United States would likely lead; European and Asian firms already dominate the market.

Governing ought to be about making wise choices. What's disheartening about the Obama administration's embrace of high-speed rail is that it ignores history, evidence and logic. The case against it is overwhelming. The case in favor rests on fashionable platitudes. High-speed rail is not an "investment in the future"; it's mostly a waste of money. Good government can't solve all our problems, but it can at least not make them worse.