

Off the Rails on a Crazy Train



Let's ignore, for the moment, the President's 2012 budget proposal as a whole, just as the President ignored the recommendations of the bipartisan Fiscal Commission he created. The Commission was a failure. It couldn't get the 14 votes out of 18 votes it needed for final passage. The President's budget will be a failure as well. Democrats think it is too draconian. Republicans think, correctly, that it does nothing serious to return to the U.S. to fiscal solvency.

Instead, let's focus on one specific proposal in the budget. [From Robert Samuelson](#):

Vice President Joe Biden, an avowed friend of good government, is giving it a bad name. With great fanfare, he went to Philadelphia the other day 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 -- not a little, but lots -- and, thereby, aggravate the budget squeezes of the states or federal government, depending on which covered the deficits.

High speed railroad is one of those things that glitter, but are not gold. Everyone wants them. The English, the French, and the Germans have built them. The Japanese have too, and theirs are generally regarded as the fastest. Some of their trains move at 180 mph. Modern governments like the idea of replacing automobiles with public transit. They also like the idea that massive government spending can solve problems that private investment cannot: investing a lot up front to show greater economic returns later.

Unfortunately, [almost everywhere it has been tried it has come a cropper](#). High speed rail is not only very expensive to build, it is very expensive to maintain. Even if they were popular with commuters, most HPR lines would continue to require large government subsidies to remain in business. They aren't popular. After subsidizing the building and maintenance of HPR lines, governments have to subsidize ticket prices in order to attract riders. Even with all that, most surface passengers chose buses, planes, and, above all, cars.

The U.S. has already been through this with Amtrak.

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 already 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.

Government subsidized passenger rail is a bad idea. High speed rail is a bad idea on stilts. It won't solve any problem that needs solving. It won't significantly reduce congestion, gasoline consumption, or air traffic. It will be a significant drain on the national budget. It will also further burden state governments already on the point of insolvency.

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

The inclusion of a high speed rail proposal in the President's budget is an ominous sign. The continued existence of Amtrak and ethanol subsidies shows how very difficult it is to eliminate even the most modest revenue sinks. The President wants to create more of the same in both directions. This suggests a pathological inability to come to grips with reality. Unfortunately that pathology has constituencies behind it. We are in real trouble.

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