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Government Run High-Speed Rails Will Likely Be a Disaster

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Recently, the Obama administration eagerly spent \$8 billion ^[1] taxpayer dollars to build a high-speed rail system across the nation. According ^[2] to Vice President “Amtrak Joe” Biden,

We’re making a commitment that is absolutely unprecedented. It is the single best investment of any traveling dollar you can invest in.

President Obama claims ^[3] that a taxpayer funded high-speed rail will be “faster, cheaper and easier.” Unfortunately, politicians seem to be preoccupied with the “romance of the railways.” We cannot afford to ignore the long term costs of a government subsidized rail system.

For years, government has been subsidizing transportation with no track record of success. Wonder how successful a government high-speed rail system will be? Chances are that we need to look no further than the government failure of Amtrak for the answer. Despite the fact that the majority of trains remain fairly empty, government run Amtrak runs an abundance of trains daily. In fact, Amtrak actually loses money on 41 out of 44 ^[4] of their train routes. Taxpayers are forced to pay \$32 ^[5] per Amtrak passenger to make up for these losses. Even still, riders often complain about spotty Amtrak service and frequent delays ^[6].

According ^[7] to Cato Institute scholar Tad DeHaven,

Amtrak’s press release brags: ‘Last fiscal year (FY 2009), the railroad carried 27.2 million passengers, making it the second-best year in the company’s history.’ That sounds good until you realize that Amtrak accounts for only 0.1 percent of the nation’s passenger travel. Moreover, Amtrak projected in 1976 that its ridership would grow from 17.3 million in 1975 to 32.9 million by 1980.

Washington continues to reward Amtrak’s repeated failure with increased taxpayer subsidizes. It’s likely that a government high-speed rail system will have the same fate:

the trains will cost all taxpayers massive amounts of money while only a very small percentage of Americans will actually ride them.

Simply, the private sector will always outperform any service provided by the government. If high-speed rails are so “needed”, why not allow the private sector to provide these trains? In the private sector, a train company will go out of business if they fail to provide a quality service. Therefore, private trains have more incentives to treat consumers well and run efficiently. Currently, Amtrak and the future high-speed rail system will have no incentives to improve their service. Since these trains are government monopolies with no outside competition, they will receive a taxpayer bailout regardless of the quality of their service. It’s difficult for private companies to compete with government monopolies since they do not have access to guaranteed funds from taxpayers.

Additionally, President Obama claimed ^[8] that America is “falling behind in high speed rail.” In his speech, he praised Japan’s impressive rail system:

Japan the nation that unveiled the first high speed rail system is already at work building the next. A line that will connect Toyko and Osaka at speeds of over 300 miles per hour...There’s no reason why we can’t do this. This is America.

It is true that Japan’s current bullet trains are incredibly fast, very reliable and have not had one fatal accident in their history. According ^[9] to the San Francisco Chronicle,

Japan's high-speed trains run with an efficiency, frequency and reliability unimaginable to those familiar with Amtrak or U.S. commuter railroads.

However, President Obama left out an important fact. Most of Japan’s high-speed rail lines are ran by a *private company*, The Japan Railways Group. In 1987, Japan’s railroads were privatized due to the failure of the government run Japanese National Railways. Since then, the privatization of Japanese trains has been a huge success. Under the government ran system, Japan’s railways were losing \$50 million ^[10] a day. Since train privatization, three main companies now earn massive profits, ridership has increased and accidents have decreased by over 50 percent ^[10]. According ^[11] to Federal Research Division of Library of Congress,

The demise of the government-owned system came after charges of serious management inefficiencies, profit losses, and fraud. By the early 1980s, passenger and freight business had declined, and fare increases failed to keep up with higher labor costs. The new [private] companies introduced competition, cut their staffing, and made reform efforts.

There is no reason that America should not follow Japan’s lead by starting to *privatize* our rail systems. If intercity passenger high-speed rails make sense, the private sector will invest in these projects. Taxpayers should not be forced to pay for government run high-

speed rails that will likely be severely mismanaged. The government run high-speed rail system is yet another project that will add billions to our national debt while not improving the economy.

[amtrak](#) [transportation](#)

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- [5] <http://sunlightfoundation.com/presscenter/articles/2009/10/27/study-amtrak-loss-comes-32-passenger/>
- [6] <http://www.washingtonpost.com/wp-dyn/content/article/2010/04/22/AR2010042205620.html>
- [7] <http://www.cato-at-liberty.org/amtraks-new-rail-cars/>
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