

## THE PUBLIC POLICY

# Welcome to Nowhere

By Peter Hannaford on 12.21.10 @ 6:07AM

California's Central Valley is huge -- 450 miles from North to South. North of the capital, it is called the Sacramento Valley; south of it, the San Joaquin. It is in the southern part that the California High Speed Rail Authority plans to build a 54-mile-long railroad between two small towns, Borden and Corcoran (collectively known as Nowhere).

Train zealots, such as Ray LaHood, U.S. Secretary of Transportation, want us all out of our cars and riding trains, buses, or walking. LaHood see this as the first segment of a glorious system that will link California's largest cities. Its cost: \$4.3 billion.

In 2008, California voters unwisely passed a ballot initiative to fund \$10 billion of the total of \$42.6 billion for a statewide system that would be completed by 2020. The \$10 billion would come from the sale of bonds. Californians have a distressing habit of thinking such proposals are "progressive" and thus good, without paying attention to the fact that the state is already over-burdened with bonded indebtedness which adds many millions of interest payments to its budget every year.

There is no assurance this project will not end up as a pig-in-a-poke. No rapid transit system in the United States has yet come in on budget. This one will rely heavily on federal funding. Roelef van Ark, executive director of the CHSRA, was quoted the other day as saying, "It's without any doubt that we need funding from the federal government." That may be a thin reed on which to lean. Despite LaHood's obsession with rail, it is unlikely the new Congress will give a sympathetic ear to the administration's requests for new money -- given the history of such projects (Amtrak, after 40 years, still runs in the red.)

The ostensible reason for the first high-speed link between two obscure towns is that it will provide a testing ground for high-speed locomotives. It is true that if the entire project were to fail, such rails could become part of the existing freight lines in the valley. The real reason to get started, however, may be to create inexorable pressure on state and federal governments to keep funding LaHood's dream.

While California's high-speed rail enthusiasts continue to whistle in the dark, their project will get a \$624 million federal windfall, thanks to LaHood's obsession. The source is funding he had allocated to Ohio and Wisconsin for high speed lines linking Cleveland,

Columbus and Cincinnati, and Milwaukee and Madison, respectively. The incoming Republican governors of those states campaigned *against* those projects and the voters agreed with them.

Neither of those projects could charitably called high speed. Cato Institute scholar Randal O'Toole estimates the Ohio line would average 38.5 miles per hour and the Wisconsin line 59 mph. Dizzying speeds.

Wisconsin's Governor-elect, Scott Walker, asked the Obama Administration to let them use the allocated \$810 million to make badly needed bridge and road improvements. Ohio's Governor-elect, John Kasich, said "no" to the federal "gift" of \$385 million and asked that the funds go into the U.S. Treasury to help reduce the deficit.

No, said LaHood. He said he was sure other states would be happy to divvy up the nearly \$1.2 billion in federal funds. Sure enough, California stepped to the head of the line. The *Weekly Standard's* Stephen Hayes said LaHood's message, in effect, was: "If you don't want to waste our money, we'll find someone who will."

What the Messrs. Walker and Kasich know and California's officials either don't know or don't care is that once such a system is built -- if it ever is -- operating losses (and they will be large and persistent) must be paid by the states. When that happens, the sound of tin cups rattling on Capitol Hill will be deafening.

**Peter Hannaford** *was closely associated with the late President Ronald Reagan. He is now working on a new book titled "Presidential Retreats."*