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John Hood's Daily Journal

The Case Against Rail

By [John Hood](#)



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RALEIGH – The public-policy case against dumping more taxpayer money in the bottomless pit of rail transit has long been a strong one. But in [a new paper for the Cato Institute](#), Randal O'Toole has summarized it brilliantly.

The most important thing O'Toole does in the new paper, "Defining Success," is to bring clarity to an issue often characterized by muddly thinking and mushy analysis. Otherwise-sensible people argue, for example, that all forms of transportation are subsidized (a [logical impossibility](#)), that most transportation assets are owned and operated by governments (a [basic error](#)), and that the only real problem with our transportation system is that it is starved for funds (a [premature conclusion](#)).

Rather than allowing rail-transit boosters to remain in their little cozy fantasy world, O'Toole yanks them back into reality by proposing six objective tests of performance:

- **The Profitability Test:** How close do rail transit lines come to covering their capital and operation costs?
- **The Ridership Test:** What effect does construction of new rail transit lines have on overall transit ridership?
- **The Cost-Efficiency Test:** How do rail transit investments compare with investment in improved bus service?
- **The Cable Car Test:** Are rail transit systems more productive than the most costly land transit system in the nation, the San Francisco cable car?
- **The Economic Development Test:** Does rail transit contribute to economic development or does it merely provide an excuse for more subsidies to such development?
- **The Transportation Network Test:** What effects do new rail transit lines have on a region's overall transportation network?

For each test, O'Toole offers background data, arguments for its value, and how it applies to the average rail-transit system in the United States. North Carolina readers will be particularly interested in his comparison of the Charlotte transit line to other systems and the national average. The results aren't pretty:

- The operation of Charlotte's light-rail line is heavily subsidized, even by transit standards, with fares covering only 17 percent of operating costs, compared with 29 percent for the average light-rail line and 53 percent for all transit. Taxpayers lose \$20 on every ride taken on the Charlotte line, vs. a national average of \$7 for light rail and \$4 for all rail.
- Rail hasn't boosted Charlotte's transit ridership, which continues to fall. By shifting riders from less-expensive buses to more-expensive

rail, the Charlotte line has cost taxpayers dearly with no discernible effect on congestion or air quality.












Charlotte's experience may be worse than average, but few transit systems would earn a passing grade on O'Toole's tests. "By almost any objective criteria," he writes, "few American rail-transit systems make sense. Congress should correct the perverse incentives that encourage transit agencies to choose high-cost solutions to transit problems."

One can only hope that Congress, some future Congress most likely, will follow this recommendation before it comes time for the Triangle and Triad to submit their own cockamamie rail plans to Washington to approval. That way, billions of tax dollars can be saved and invested in real transportation solutions such as new highway capacity, highway and bridge renovation, new signaling and traffic-management technologies, and bus rapid transit.

The Charlotte case is a cautionary tale, not a pilot program deserving replication.

Hood is president of the John Locke Foundation.

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