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Will Obama's High-Speed Rail Plan Become a Subsidy for Freight Railroads?

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In April, President Obama confirmed his commitment to fund a high-speed rail (HSR) program in the United States and extolled the potential benefits of the $8 billion for HSR that Congress included in the stimulus package. That commitment grew by another $5 billion ($1 billion per year) when the President released his budget for FY 2010, and in an act of unprecedented fiscal profligacy, the House Committee on Transportation and Infrastructure (T&I) proposed to add another $50 billion.

According to recent comments by the head of the Federal Railroad Administration (FRA), little of these federal monies may go toward "real" HSR but instead appear likely to benefit some of the nation's for-profit freight railroads to achieve modestly higher speeds for existing, half-full Amtrak trains running on their tracks. Given the extreme need for federal budget deficit reduction, these HSR programs—in whatever form—should be eliminated in the FY 2010 budget, and the T&I plan should be vetoed if it ever gets to the President's desk.

"Real" High-Speed Rail. In pushing their HSR agenda, the President, Members of Congress, and their supporters conjure up images of intercity passengers in spacious and comfortable rail cars traveling between cities at speeds approaching 200 miles per hour (mph). Unfortunately for these HSR proponents, such a service is unlikely to ever be available in the U.S. because of the extraordinary costs and because government's so-called HSR initiatives seem unlikely to provide much support for such projects.

Technically, "real" HSR is defined as any passenger rail system that maintains speeds of at least 125 mph between destinations. Notable HSR lines now in operation are the 220-mph line between Beijing and Tianjin in China, Japanese *Shinkansen* ("bullet trains") running at 186 mph, and the French TGV at 185 mph and above.

Such systems are very expensive to build and also to operate, because they require new, dedicated rail lines built to specific tolerances and levels of durability. These levels exceed America's existing roadbeds.[1] And because of this need, the new rail lines would also require the acquisition of significant volumes of land to create the new, secure, right-of-way in which to build the new roadbed.

Reflective of the inability of America's roadbeds to handle such speeds, Amtrak's *Acela* can hit speeds of 150 mph but only on a 35-mile stretch of the Northeast Corridor. Overall it averages just 80 mph between Washington, D.C., and New York City, largely because roadbed deficiencies and existing rail traffic congestion (due to multiple users) preclude such speeds on the rest of the Northeast Corridor.[2]

As for the high costs of such projects, the California HSR plan endorsed by state voters in 2008 is

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estimated by its advocates to cost $45 billion, but a comprehensive, independent assessment of the plan contends that the costs could be as high as $81 billion.[3] To put these competing numbers in perspective, splitting the difference between the two cost estimates ($63 billion) would absorb all of the $50 billion federal HSR fantasy investment promoted by the T&I Committee.

Sooner or later voters catch on to the misrepresentations HSR proponents use to advance their cause: In 2000, Florida voters approved a ballot initiative (absent any cost estimates) to build an HSR, but in 2004 they reversed that vote once the excessive costs became apparent.

Ersatz High-Speed Rail, or "Higher Speed Rail." What in fact seems to be getting underway is a *higher* speed rail policy designed to address bottlenecks on the existing roadbed (much of which is owned by the private freight railroads) in order to raise the average speed of trains—whether freight or passenger—from current levels. Thus an investment in, say, a new bridge, or a third track, or a new switching system that would lead to an average speed of, say, 58 mph as compared to a current 53 mph could be eligible for funding under the "higher" speed rail program now in place. One recent proposal from Ohio would link Cleveland, Columbus, and Dayton at an average speed of 39 mph.[4]

The nation's passenger rail hobbyists, environmentalists, multi-national HSR equipment manufacturers, builders and contractors, and a handful of Congressmen hope and believe that "real" HSR is what the nation will get from Obama's program. But many state transportation departments, freight railroads, Amtrak, and leaders of the FRA seem more interested in applying the funds to a here-and-there upgrade of the nation's existing rail system, much of it owned by freight railroads that are required to let Amtrak and regional commuter rail systems operate on their roadbed.

Recent proposals to extend federal subsidies to the freight railroads stem from a 2007 report of a congressional commission that recommended that regular federal subsidies be provided to freight railroads.[5] And as is apparent from statements by Obama's pick to head the FRA, this seems to be the Administration's intention.

In an interview in August, FRA Administrator Joseph Szabo indicated that some of the federal grants and much of the construction will be used to prepare freight lines for more and faster passenger trains. He further noted that while some fast passenger trains—in the range of 200 mph—will get their own dedicated rights of way, "in 90 percent of the cases or more, the host railroad will be the freight."[6]

Fiscal Waste on the Fast Track. So there it is: Of the $8 billion in the stimulus bill promised to HSR, the head of President Obama's rail initiative suggests that only a fraction of the money will be devoted to such purposes, the rest being used mostly for improvements to freight railroads that indirectly benefit Amtrak's existing trains. But regardless of which projects get the most money, neither is a productive use of taxpayer funds. Fiscal conservatives should use the FY 2010 budget to eliminate these costly and ineffective commitments.

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