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June 5, 2013

The Honorable Cynthia T. Brown  
Chief, Section of Administration  
Surface Transportation Board  
395 E. Street, S.W., Room 100  
Washington, DC 20423-0001

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Re: California High-Speed Rail Authority Construction Exemption, STB Finance  
Docket No. 35724

Dear Ms. Brown,

I am writing to bring to the Board's attention an important research study that has only recently been published. The study is "***High-Speed Rail in Europe and Asia: Lessons for the United States***" by Baruch Feigenbaum, May 2013.

This report studies the prospects for high-speed rail in the U.S., examining how well high-speed rail works in countries like France, Germany and Japan, and how this country differs from Europe and Asia in travel patterns, spatial structure, car ownership and other factors. It is based on extensive research and is data driven. Available on the internet at [http://reason.org/files/high\\_speed\\_rail\\_lessons.pdf](http://reason.org/files/high_speed_rail_lessons.pdf)

Because it is so pertinent to the issues before the Board in this case I would certainly have submitted this to the Board at an earlier date but I was unable to do so because of it was not available until quite recently, and I just learned of it a few days ago.

For the convenience of the Board, I've attached to this letter the report's Analysis and Conclusions, which is a summary of the report's findings.

Respectfully submitted,

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# Analysis and Conclusion

Most high-speed rail lines are major money losers. Based on data from Europe and Asia, most HSR lines in the United States are expected to lose substantial amounts of funds. Only the Northeast Corridor could potentially break even. And this would require United States construction costs to be in line with the rest of the world. Typically U.S. construction costs are two times higher.

The U.S. lacks many of the factors that make high-speed rail successful in other countries. For starters, the U.S. has neither the population density nor the land-use regulations necessary to support the development of high-speed rail. It lacks a pre-existing, successful passenger rail system, and spends far less on urban transit than Europe and Japan. High-speed rail cannot work in a vacuum—in the absence of large urban populations clustered around city center rail terminals and extensive transit systems that allow passengers to easily complete their journeys, high-speed rail will never be an appealing transportation choice to most travelers.

Secondly, the U.S. is a uniquely auto-centric country: it has a much lower gas tax, cheaper gas prices and a much more extensive free highway network than comparable countries around the world. The U.S. interstate network remains the only large-scale toll-free network in the world for both cars and trucks. As a result, car travel is deeply embedded in the American economy, culture and geography. Simply building new high-speed rail lines will do nothing to change that.

Thirdly, it is important to remember that Europe and Japan built high-speed rail because their conventional lines were so successful that they needed to add capacity to increase train service. Many of these lines already had double or triple tracking. The high demand for conventional rail created a market for high-speed rail. This clearly cannot be said of the U.S.

China, by contrast, is building high-speed rail to stimulate development and to improve its very limited transportation infrastructure. Whether high-speed rail actually produces lasting economic benefits in China remains to be seen. Moreover, China has long under-invested in infrastructure, and is also rapidly building a highway network. In other words, it is at a very different stage of infrastructure development than the U.S., and therefore does little to make the case for high-speed rail on U.S. soil.

Another crucial difference between the U.S. and other countries when it comes to high-speed rail is that its railways are dominated by freight traffic. The U.S. freight rail system is one of the largest and least expensive in the world. Freight is four times more likely to travel by rail in the U.S. than in Europe and 10 times more likely than in Japan. In this context, using policy to shift

more passenger travel onto rail may have the unintended consequence of displacing freight onto the highway system, increasing road congestion, producing pollution, and driving up the cost of goods. This is another blind spot in the case for high-speed rail in America.

Crucially, high-speed rail also tends to be very expensive—for both travelers and taxpayers. Practically everywhere it operates, high-speed rail is more expensive (and slower) than plane travel. Those on a very tight budget would be better off traveling by bus, while those seeking flexibility would likely stick with the automobile. And yet despite high prices, only two of the world's high-speed rail lines have turned a profit. The rest lose substantial amounts of money and require taxpayer subsidy. Even the world's most successful high-speed line, which runs between Tokyo and Osaka in Japan, must be subject to a disclaimer: it was built when only 12% of the Japanese population had cars. As such, it might not be cost-effective if it were being proposed today.

In the U.S., it is difficult to argue that any high-speed line beyond the Northeast Corridor stands a chance of paying for itself. Moreover, system-wide high-speed rail costs will undoubtedly escalate for political reasons. Politicians representing cities that are less appropriate for rail will demand routes or hold the process hostage. Such political realities were one of the negative aspects of the Interstate system. But while those unneeded Interstate highways cost millions in today's dollars, extra high-speed rail lines will cost billions.

As for the supposed advantages of high-speed rail over air travel and highways, few of these stand up to critical scrutiny. Firstly, its economic benefits are questionable at best: it may shift economic activity and development to the areas it affects, but there is scant evidence that it produces any new, positive-sum benefits. Moreover, if creating construction jobs is the goal, other infrastructure projects may make more economic sense: the U.S. has many unmet infrastructure needs that would rationally take priority over high-speed rail (like widening or modernizing highways).

Secondly, rail only reaps environmental benefits if it is electrified. Otherwise it is no less polluting than modern cars or planes. . . . Moreover, many of the presumed environmental benefits of high-speed rail rely on trains being full—this is not the case with existing Amtrak trains, so it is hard to see why it would be so for high-speed rail. Again, if environmental improvement is the goal, the money could be more efficiently spent elsewhere—a mere fraction of the HSR funds spent on pure pollution-reduction programs would be far more effective from an environmental perspective.

Thirdly, high-speed rail is unlikely to make much of a dent in congestion elsewhere in the transportation system. According to the Federal Railroad Administration, only 5% of highway trips (at most) will be diverted to rail. And while HSR may slightly reduce air travel, it is likely to affect regional flights more than national flights. Since regional flights typically originate from smaller airports, HSR will do little to reduce air delays. In fact, high-speed rail probably won't

even ease rail congestion significantly—since most of the proposed routes involve sharing track with existing freight and passenger traffic, delays system-wide may actually increase.

Ultimately, then, high-speed rail is not a compelling proposition for the U.S. A dispassionate examination of the case for high-speed rail, as well as an international comparison with high-speed experience in Europe and Asia, suggests that the U.S. government risks making a very costly mistake that will hit taxpayers for years to come, while delivering on few—if any—of its presumed benefits. Transportation policymakers need to go back to the drawing board and think again.

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