

Highway-User “Entitlements” – Rail Impact

by Richard L. Beadles

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Virginia spends almost \$2 Billion annually maintaining highways (arguably not enough), and the better part of an additional \$2 Billion on highway construction, some of which could more accurately be described as maintenance, e.g. better to build a new bridge than to repair an old one prematurely worn out by pounding from heavy trucks.

Everybody -- motorists and commercial users alike -- wants well-maintained, congestion-free highways, open and available to them at all times of day, with no tolls, and no increase in user fees. Land developers want more roads and more capacity to serve their business interests. Nobody wants to ante up. So who pays? All of us pay with borrowed money, state and federal. Less easily quantified are the costs of externalities associated with our near-total reliance upon highways, and our failure to take greater advantage of our waterways and railroads. The McDonnell administration in Virginia has made a commendable effort to encourage greater use of water and rail. At the same time, the Governor is proposing new highway projects, which will likely be available to the truckers on a below-cost basis. We are cross-subsidizing transportation, at somewhat cross purposes. Still lacking is a comprehensive State plan for transportation defining the preferred mix of modal roles, with a funding program to implement such plan over time.

The sad part of all this is that many people don't seem to “get it”, even some of those who should know better. Recently, a local member of the Virginia General Assembly, who happens to also own a trucking business, expressed “*outrage*” in the local press over President Obama's assertion that government assistance often plays a role in entrepreneurial private development. Our trucker-friend wrote that he started his trucking business “*with no help from the government*”. Quite a remarkable statement from one whose business is entirely dependent upon public infrastructure for which he pays something less than the full cost of his usage. To make matters worse, two days later the Virginia Trucking Association, and related organizations, came out with a campaign to oppose tolls on I-95, one of the main truck routes on the East Coast. So who pays?

The federal highway program is said to be the largest *single* source of Virginia highway funding – about \$ 1 Billion each year. In order to continue doing that, the congress is now dipping into the general funds of the U.S.A. to the tune of about \$8 Billion annually, and since there is insufficient money there, the Treasury Dept. is borrowing from the Chinese. Wouldn't you think this would be enough to make a patriotic American want to pay his own way for use of our highways? Apparently not!

We should not expect the private freight rails (who are increasingly on the public dole themselves) to attract much additional cargo from our overburdened highways as

long as we are making it so attractive for highway users to put more trucks on the road at a cost to their private, for-profit, enterprises, that fails to cover the full public burden of Chinese debt service. That, unfortunately, seems to be the “*American Way*” at the moment. Can this continue indefinitely? We all know the answer! # # # #