

Krause: High-speed rail will bolster economy, budget

By Daniel Krause

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As California faces yet another large budget deficit, and potentially more devastating cuts, there have been numerous calls that the high-speed rail project should be shelved. Opponents are claiming that Californians must choose between funding schools and high-speed rail. Not only is this a false choice, it would also be a tragic mistake economically for California in the short and long term.

It is time to set the record straight. The high-speed rail project will provide a dramatic boost to California's economy — and its budget outlook — at just the right time.

California is in the middle of an economic crisis and the jobs situation is atrocious, damaging the lives of untold numbers of people. This lack of jobs is sucking the life out of our state budget because tax revenues have plummeted while the unemployed draw on public services. The jobs high-speed rail will create, along with the sale of construction materials to build the project, will dramatically increase tax revenues flowing into the state budget.

But what of the debt servicing cost to our state budget? Again, one word: jobs.

The early investments in high-speed rail, both in the Central Valley and at the urban bookends, will pump more than \$8 billion into California's economy, creating thousands of direct and indirect jobs. Over the next few years, at a time when we must kick our economy back into gear, the increased tax revenues generated from these jobs will more than offset debt servicing costs.

Additionally, the state plans to direct underutilized truck weight fees, which statutorily must be used for transportation projects, to pay the interest on HSR bonds. These small but extremely important details debunk the high-speed rail versus school kids myth.

In the long term, high-speed rail will help usher a much more efficient transportation system, which is a key component to sustained economic prosperity. Continued gridlock, coupled with volatile oil prices, hurts California businesses in the worst way.

High-speed rail will ensure that workers and consumers can move efficiently, without being subject to unstable transportation costs — a true boon for business. And when

our business community is functioning efficiently and prospering, our state budget and our schools benefit.

Extreme austerity in Europe is proving to be a flawed strategy, plunging much of the continent back into deep recession. Cutting investments to critical infrastructure projects such as high-speed rail, here at home, will only make our budget problems worse. We need to shake ourselves out of the downward economic spiral of divestment and cutting by boldly moving forward with a project that will inject billions directly into our economy.

The fact that we are even considering rejecting these funds, which will put thousands of people back to work starting next year, is hard to believe. It doesn't make short-term sense, and it doesn't make long-term sense.

In 2008, the voters of California endorsed a high-speed rail vision that would have a direct effect on relieving some our state's most challenging transportation and quality of life problems.

That vision remains, and contrary to what many are saying, the economic case for high-speed rail is actually more important than ever. Let's start to realize that vision.

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