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The Economics and Politics of High-Speed Rail: Lessons from Experiences Abroad

Jean-Paul Rodrigue

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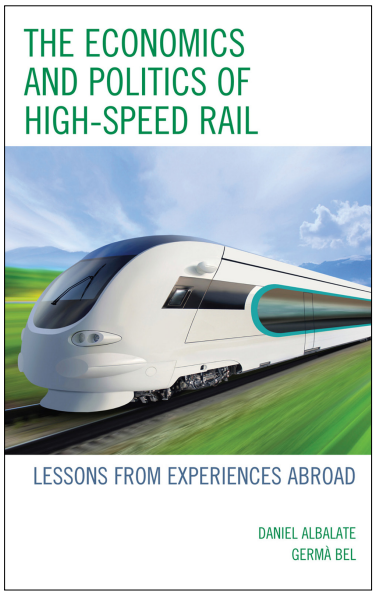
The Economics and Politics of High-Speed Rail: Lessons from Experiences Abroad

Daniel Albalate and Germa Bel. Lanham, MD: Lexington Books, 2012. xv and 193 pp., bibliography, index. $80.00 cloth (ISBN 978-0-7391-7123-3); $32.99 paper (ISBN 978-0-7391-9068-5); $32.99 electronic (ISBN 978-0-7391-7124-0).

Reviewed by Jean-Paul Rodrigue, Department of Global Studies & Geography, Hofstra University, Hempstead, NY.



Large transportation infrastructure projects are commonly mired in controversies. High-speed rail (HSR) is no exception to this rule. Maybe this book would have been more effectively argued if the order of the title would have been changed to better reflect the current context of HSR. We can start by making the controversial statement that the book's title should have read the "politics and economics of HSR" (as opposed to the "economics and politics"). The authors underline throughout the book that HSR is foremost a political or a public policy matter. They reflect societal choices, which in the majority of cases, are not well grounded in economics because HSR is rarely profitable. This situation could obviously change; some HSR segments are already profitable, but they are at this point more the exception than the rule. Even the massive and impressive Chinese HSR system has required large subsidies and other forms of government support so that China can get its share of the "HSR dream" of an interconnected national urban system. Whereas Japan and Europe made the commitment more than fifty and thirty years ago, respectively, pragmatism and elusiveness have prevailed in North America. Like all large infrastructure projects, HSR remains a complex, messy, expansive, and excessively political issue.

The authors, in their relatively short study, provide a comprehensive overview and assessment of HSR based on an international comparison of existing systems. It is a much-welcomed addition because such an approach enables us to see HSR in a clearer light. Like many large infrastructural projects, they provide undeniable benefits but those benefits might be at times exaggerated. Furthermore, all HSR projects carry an extensive array of costs that are underestimated or simply disregarded in the planning process. The matter remains if the society is willing to accept this burden, which seems to be the most fundamental question when developing HSR systems: how much is society willing to expend for these fast conveyances?

A good way to read this book is paradoxically starting at its end. The last table of the book (Table 10.1) is particularly good because it gives a pragmatic perspective of HSR in terms of its goals, its impacts on the spatial structure (none too limited), its costs (excessive), and how it catalyzes economic development (limited observed effects). Readers wishing to have a quick overview of the substance of the book can thus go directly to this table. Actually, readers can start the book by going through the table and then interpret the chapters from this perspective.

The book is divided into three main parts. The first part offers a general introduction to HSR, particularly in terms of its development and analytical framework. The second part presents case studies. The third part provides a very useful list of criteria and arguments associated

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with the development of HSR. They include improving the efficiency of existing transport corridors, supporting new forms of regional logistics by freeing rail capacity for freight, favoring regional development by providing accessibility to new locations, or inciting a modal shift (mostly from air) to improve speed, cost, or convenience. It is important to underline that these are goals and the authors demonstrate in subsequent chapters that some might not fully materialize. I have a difficult time understanding why the case of the United States has been placed in this section. This chapter would have fit better in the second section covering case studies, or possibly in the third section discussing the lessons learned. Maybe the authors are trying to use the case of the United States to underline the whole sets of arguments that have been used to promote HSR projects along different corridors.

In the second section, the world's most extensive HSR systems are presented in individual chapters, starting with the innovator, Japan. Japan built the world's first HSR system, and it became operational in 1964. Japan had all the major conditions favoring the initial setting of a HSR system, particularly a high population density and closely interconnected large cities. It simply became a matter of building the HSR exploiting these supporting conditions. The case of France is also illustrative, with the construction of a hybrid system using conventional lines to enter metropolitan areas and dedicated intercity high-speed corridors. Although the Paris–Lyon corridor has proven to be a financial success, the subsequent corridors required high subsidy levels, have been unable to become profitable, and have shown limited economic impacts. The German case illustrates a system developed with both the imperatives of accommodating passengers and freight flows and this in the context of a decentralized system of cities. For Spain, the world's second most extensive system in terms of length, the process has been a particularly political one with the purpose of linking regional capitals with the national capital (Madrid). Thus, in this context the growth and profitability of the Spanish system remains elusive.

The case of China is by all accounts spectacular in terms of its extent and growth rate. HSR in China capitalizes on the advantage of an intercity market already dominated by passenger rail, high population densities, an extensive network of cities, crowded domestic air services, and growing income levels, making HSR increasingly affordable. The development of HSR became part of a national strategic objective, implying that funding was available and that rights of way could be quickly secured. The last chapter in the case studies section covers smaller systems as illustrated by Italy, South Korea, and Taiwan. These systems face similar challenges, but developments are limited to specific corridors such as Seoul–Busan (South Korea) and Taipei–Kaohsiung (Taiwan). It remains uncertain if these systems will be expanded beyond their most important corridors, particularly for Italy.

The conclusion ("Desires, Beliefs, and Reality") is particularly appropriate because it debunks the HSR myth, not necessarily by taking a position, but by assessing its benefits compared to its costs. The picture is not particularly pretty and is well summarized by Table 10.1, which was discussed earlier. The book remains a tale of caution about a technology and its associated infrastructure that have been advocated as a silver bullet to interurban transportation issues. Although it is tempting for planners and politicians to spend other people's money to put their names in concrete, HSR systems around the world demonstrate that the appeal of high speed remains a profitable proposition only under specific circumstances. As such, within the foreseeable future, HSR remains contingent on the willingness of societies to subsidize such systems for an indeterminate amount of time. This is one of the core messages that emerges from this concise, well-written, and well-supported book.