October 18, 2011

Mark Steyn ponders what decline will look like.
... Whenever the economy goes south, experts talk of the housing "bubble," the tech "bubble," the credit "bubble." But the real bubble is the 1950 "American moment," and our failure to understand that moments are not permanent. The United States emerged from the Second World War as the only industrial power with its factories intact and its cities not reduced to rubble, and assumed that that unprecedented pre-eminence would last forever: We would always be so far ahead and so flush with cash that we could do anything and spend anything, and we would still be No. 1. That was the thinking of Detroit's automakers when they figured they could afford to buy off the unions. The industrial powerhouse of 1950 is now a crime-ridden wasteland with a functioning literacy rate equivalent to West African basket-cases. And yes, Detroit is an outlier, but look at the assumptions its rulers made, and then wonder whether it will seem quite such an outlier in the future.

Take, for example, the complaints of the young Americans currently "occupying" Wall Street. Many protesters have told sympathetic reporters that "it's our Arab Spring." Put aside the differences between brutal totalitarian dictatorships and a republic of biennial elections, and simply consider it in economic terms: At the "Occupy" demonstrations, not-so-young college students are demanding that their tuition debt be forgiven. In Egypt, half the population lives in poverty; the country imports more wheat than any other nation on the planet, and the funds to do that will dry up in a couple months' time. They're worrying about starvation, not how to fund half a decade of Whatever Studies at Complacency U.

One sympathizes. When college tuition is $50,000 a year, you can't "work your way through college" – because, after all, an 18-year-old who can earn 50-grand a year wouldn't need to go to college, would he? Nevertheless, his situation is not the same as some guy halfway up the Nile living on $2 a day: One is a crisis of the economy, the other is a crisis of decadence. And, generally, the former are far easier to solve. ...

More of this from **Robert Samuelson**.
A specter haunts America: downward mobility. Every generation, we believe, should live better than its predecessor. By and large, Americans still embrace that promise. A Pew survey earlier this year found that 48 percent of respondents felt that their children's living standards would exceed their own. Although that's down from 61 percent in 2002, it's on a par with the mid-1990s. But these expectations could be dashed. For young Americans, the future could be dimmer.

Along with jobs, the 2012 presidential election could be fought over this issue. "Can the Middle Class Be Saved?" worried a recent cover story in the Atlantic. Pessimism rises with schooling. In the Pew poll, 54 percent of respondents with a high-school diploma or less felt their children would do better; only 35 percent of graduate school alums agreed. "A kind of depression has set in," writes Washington Post columnist Richard Cohen. "We've lost our mojo, our groove."

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War II, the Nobel Prize-winning economist Robert Fogel has recalled, there was widespread "alarm about massive unemployment." Eleven million veterans and 9 million defense industry workers had to be re-employed. People feared a new Depression. It didn't happen, because pent-up demand for homes, cars and appliances fueled a hiring boom.

Unfortunately, this caveat is only half relevant now. ...

Last week David Harsanyi had a go at a manifesto for the Occupy Wall Street folks. This week **Barton Hinkle from the Richmond Times-Dispatch** has a turn. We need this after the first two items.

We are the union members, students, teachers, veterans and activists who make up the 99 percent of America, if you don't count everybody who is at work right now. We are the unemployed and the art majors and the interns for Rainforest Action Now!

Also we are the firefighters and the police officers and the paramedics, except none of them could be here on account of their fascist shift supervisors, but we know they are with us in spirit. (First responders, you guys rock!) We are the lost, the slightly disoriented, and the people who are pretty sure they know where they are if you'd just be quiet for one second and let us think, okay? Jeez.

Where were we? Oh yeah. We are the makers of homeopathic medicines. We are also the Druids. There's a couple of Zoroastrians around here somewhere, too (or at least that is what some of us think the tattoo on the one dude's neck means).

Also, we are that long-haired welder guy who makes bird sculptures out of rebar and old gardening equipment. We are Slightly Creepy Hippie Lady in a Van Who Sells Healing Crystals. We are the young woman with the piercings and the pink hair who just came from the D.C. Slutwalk. We are the guys in goatees and motorcycle boots who can't ride a motorcycle, who are hoping to score with Pink-Hair Girl.

We are the 99 percent. And we are Here to Stay.

Megan McArdle does a wonderful job of tracking the green jobs money. You will be amazed where the cash went. She made a very good info-graphic that we are unable to fit into our format so you must follow the link to see more than the little bit in the Word or PDF versions.

Solyndra CEO Brian Harrison just resigned, as the controversy stubbornly refuses to go away. Seems worth revisiting the loans once again, since I've spent a little time looking more deeply at the program over the past few days.

Supporters of these programs claim that they're a necessary part of winning the green future because these are investments that are too risky, or too big, for private capital to take on.

Of course, if the government is going to be a VC, supporters say, they have to expect a high failure rate. There's a lot of talk about the manufacturing "Valley of Death", where startup *manufacturing firms may have difficulty getting capital to commercialize their prototypes. According to proponents of this theory, there's plenty of money for early stage ventures, and plenty of bank loans for established firms, but no money for mass commercialization of new manufacturing ideas. (Hence the "valley"). This valley, they say, is especially wide for energy firms, because the capital costs for starting up are so high.*

I've been somewhat skeptical of those claims--why are people pouring money into manufacturing startups if they're inevitably doomed to die at the commercialization stage? But say it's true. I thought it was worth looking at who got the money from these programs, and for what. How well is the government doing in its role of VC/valley of death sherpa?

So I went to the DOE's website and manually copied the data on the loan programs. I didn't scrutinize all of the projects--I've already spent more time on this than is probably justified. But I looked at the biggest ones. I put all the number into pretty graphs. And then I thought I'd share those graphs with you, because hell, I have them.

What I'm trying to say is, I just made my first infographic. ...

Michael Barone celebrates the end of high speed rail.
Dead. Kaput. Through. Finished. Washed up. Gone-zo.

That, I think, is a fair description of the Obama administration's attempt to build high-speed rail lines across America.

It hasn't failed because of a lack of willingness to pony up money. The Obama Democrats' February 2009 stimulus package included $8 billion for high-speed rail projects. The Democratic Congress appropriated another $2.5 billion.

But Congress is turning off the spigot. The Republican-controlled House has appropriated zero dollars for high-speed rail. The Democratic-majority Senate Appropriations Committee has appropriated $100 million in their budget recommendation.

That's effectively "a vote of 'no confidence' to President Obama's infrastructure initiative," concludes transportation analyst Ken Orski, "a bipartisan signal that Congress has no appetite for pouring more money into a venture that many lawmakers have come to view as a poster child for wasteful spending." ...

Orange County Register

Young 'Occupiers' share grandparents' assumptions

by Mark Steyn

When the think-tank chappies ponder "decline," they tend to see it in geopolitical terms. Great powers gradually being shunted off the world stage have increasing difficulties getting their way: Itsy-bitsy colonial policing operations in dusty ramshackle outposts drag on for years and putter out to no obvious conclusion. If that sounds vaguely familiar, well, the State Department reported last month that the last Christian church in Afghanistan was razed to the ground in 2010. This intriguing factoid came deep within their "International Religious Freedom Report." It is not, in any meaningful sense of that word, "international": For the past decade, Afghanistan has been a U.S. client state; its repulsive and corrupt leader is kept alive only by NATO arms; according to the World Bank, the Western military/aid presence accounts for 97 percent of the country's economy. American taxpayers have spent the best part of half a trillion dollars and lost many brave warriors in that benighted land, and all we have to show for it is a regime openly contemptuous of the global sugar daddy that created and sustained it. In another American client state, the Iraqi government is publicly supporting the murderous goon in Syria and supplying him with essential aid as he attempts to maintain his dictatorship. Your tax dollars at work.

As America sinks into a multitrillion-dollar debt pit, it is fascinating to listen to so many of my friends on the right fret about potential cuts to the Pentagon budget. The problem in Iraq and Afghanistan is not that we are spending insufficient money, but that so much of that money has been utterly wasted. Dominant powers often wind up with thankless tasks, but the trick is to keep it within budget: London administered the vast sprawling fractious tribal dump of Sudan with about 200 British civil servants for what, with hindsight, was the least-worst two-thirds of a century in that country's existence. These days I doubt 200 civil servants would be enough for the average branch office of the Federal Department of Community Organizer Grant Applications. Abroad as at home, the United States urgently needs to start learning how to do more with less.

As I said, these are more or less conventional symptoms of geopolitical decline: Great powers still go through the motions but increasingly ineffectually. But what the Council of Foreign Relations types often miss is that, for the man in the street, decline can be very pleasant.

In Britain, France, Spain and the Netherlands, the average citizen lives better than he ever did at the height of Empire. Today's Europeans enjoy more comfortable lives, have better health and take more vacations than their grandparents did. The state went into decline, but its subjects enjoyed immense upward mobility. Americans could be forgiven for concluding that, if this is "decline," bring it on.

But it's not going to be like that for the United States: unlike Europe, geopolitical decline and mass downward mobility will go hand in hand.

Indeed, they're already under way. Whenever the economy goes south, experts talk of the housing "bubble," the tech "bubble," the credit "bubble." But the real bubble is the 1950 "American moment," and our failure to understand that moments are not permanent. The United States emerged from the Second World War as the only industrial power with its factories intact and its cities not reduced to rubble, and assumed that that unprecedented pre-eminence would last forever: We would always be so far ahead and so flush with cash that we could do anything and spend anything, and we would still be No. 1. That was the thinking of Detroit's automakers when they figured they could afford to buy off the unions. The industrial powerhouse of 1950 is now a crime-ridden wasteland with a functioning literacy rate equivalent to West African basket-cases. And yes, Detroit is an outlier, but look at the assumptions its rulers made, and then wonder whether it will seem quite such an outlier in the future.

Take, for example, the complaints of the young Americans currently "occupying" Wall Street. Many protesters have told sympathetic reporters that "it's our Arab Spring." Put aside the differences between brutal totalitarian dictatorships and a republic of biennial elections, and simply consider it in economic terms: At the "Occupy" demonstrations, not-so-young college students are demanding that their tuition debt be forgiven. In Egypt, half the population lives in poverty; the country imports more wheat than any other nation on the planet, and the funds to do that will dry up in a couple months' time. They're worrying about starvation, not how to fund half a decade of Whatever Studies at Complacency U.

One sympathizes. When college tuition is $50,000 a year, you can't "work your way through college" – because, after all, an 18-year-old who can earn 50-grand a year wouldn't need to go to college, would he? Nevertheless, his situation is not the same as some guy halfway up the Nile living on $2 a day: One is a crisis of the economy, the other is a crisis of decadence. And, generally, the former are far easier to solve.

My colleague Rich Lowry correctly notes that many of the beleaguered families testifying on the "We are the 99%" websites have real problems. However, the "Occupy" movement has no real solutions, except more government, more spending, more regulation, more bureaucracy, more unsustainable lethargic pseudo-university with no return on investment, more more more of what got us into this hole. Indeed, for all their youthful mien, the protesters are as mired in America's post-war moment as their grandparents: One of their demands is for a trillion dollars in "environmental restoration." Hey, why not? It's only a trillion.

Beneath the allegedly young idealism are very cobwebbed assumptions about societal permanence. The agitators for "American Autumn" think that such demands are reasonable for no other reason than that they happen to have been born in America, and expectations that no other society in human history has ever expected are just part of their birthright. But a society can live on the accumulated capital of a glorious inheritance only for so long. And, in that sense, this bloodless, insipid revolution is just a somewhat smellier front for the sclerotic status quo.

Middle-class America is dying before our eyes: The job market is flat-lined, college fees soar ever upward, the property market is underwater, and Obamacare is already making medical provision both more expensive and more restrictive. That doesn't leave much else – although no doubt, as soon as they find something else, the statists will fix that, too. As more and more middle Americans are beginning to notice, they lead more precarious and vulnerable lives than did their blue-collar parents and grandparents without the benefit of college "education" and health "benefits." For poorer Americans, the prospects are even glummer, augmented by ever-grimmer statistics on obesity, childhood diabetes and much else. Potentially, this is not decline, but a swift devastating downward slide, far beyond what post-war Britain and Europe saw and closer to Peronist Argentina on a Roman scale.

It would be heartening if more presidential candidates understood the urgency. But there is a strange lack of boldness in most of their proposals. They, too, seem victims of that 1950 moment, and assumptions of its permanence.

Washington Post

Why our children's future no longer looks so bright

by Robert J. Samuelson

A specter haunts America: downward mobility. Every generation, we believe, should live better than its predecessor. By and large, Americans still embrace that promise. A Pew survey earlier this year found that 48 percent of respondents felt that their children's living standards would exceed their own. Although that's down from 61 percent in 2002, it's on a par with the mid-1990s. But these expectations could be dashed. For young Americans, the future could be dimmer.

Along with jobs, the 2012 presidential election could be fought over this issue. "Can the Middle Class Be Saved?" worried a recent cover story in the Atlantic. Pessimism rises with schooling. In the Pew poll, 54 percent of respondents with a high-school diploma or less felt their children would do better; only 35 percent of graduate school alums agreed. "A kind of depression has set in," writes Washington Post columnist Richard Cohen. "We've lost our mojo, our groove."

It can be argued that all this glumness repeats a historical error: projecting the present onto the future. Just because the economy is rotten today doesn't mean that it will always be. After World War II, the Nobel Prize-winning economist Robert Fogel has recalled, there was widespread "alarm about massive unemployment." Eleven million veterans and 9 million defense industry workers had to be re-employed. People feared a new Depression. It didn't happen, because pent-up demand for homes, cars and appliances fueled a hiring boom.

Unfortunately, this caveat is only half relevant now. Our future would certainly be brighter if the economy resumed strong growth, but that wouldn't automatically ensure higher living standards. A society generates those through productivity — increases in efficiency, technology or business organization that lower costs or enable firms to pay higher wages. Without higher productivity, broad living standards won't rise. But even with it, the young may not enjoy gains.

The explanation is that productivity improvements have already been committed to demographic trends we can't alter (aging) or problems we haven't addressed (runaway health costs, deteriorating infrastructure). Future productivity and income gains will be diverted to these uses: higher taxes to pay for an older population; health spending; and taxes and fees to repair roads, schools and water systems.

It's already happening. "A decade of health care cost growth has wiped out real income gains for an average U.S. family," report two Rand Corp. researchers in the journal Health Affairs. From 1999 to 2009, total compensation of a typical four-member family with employer-paid health insurance rose by $23,000. About 95 percent of this (almost $22,000) went to inflation and health care, including employer costs, family premiums, out-of-pocket payments and taxes. For most families, higher costs didn't deliver parallel benefits. The reason: Health spending is concentrated; the sickest 5 percent account for half the total.

Meanwhile, spendable incomes — what people consider their living standards — stagnate. The squeeze will continue. In 1990, there were 32 million Americans 65 and over; by 2040, that's reckoned at 80 million. Rising costs for Social Security and Medicare have created a new political dynamic: If benefits for the elderly aren't cut, burdens on the young will go up. Decaying infrastructure poses similar choices. Either pay for repairs or tolerate substandard roads and dilapidated schools.

Our children's futures have been heavily mortgaged. That's true even if the economy returns in a few years to "full employment" (say, 5 percent unemployment) and past productivity gains (about 1.7 percent annually since 1966) continue. If today's weak recovery persists, the outlook darkens. Unemployment will remain high, say 7 percent to 9 percent. Wage increases will remain depressed. Young workers will have trouble finding jobs to develop the skills and contacts that lead to better jobs. Productivity growth might falter.

America is a competitive society. It's not guaranteed that children achieve their parents' relative economic status: The children of parents in the richest 20 percent won't automatically stay in the richest 20 percent. Some children advance; some fall. But if overall incomes are rising, even those who don't advance *relatively* often have higher *absolute* incomes than their parents. Studies by the Pew Economic Mobility Project confirm this. Two-thirds of Americans have higher incomes than their parents; half of those either ranked in the same spot of the economic distribution as their parents or lower.

Generational gains tempered individual setbacks. We may now lose this comforting cushion. Our leaders might try to avoid that by boosting economic growth, controlling health spending and trimming benefits for the elderly. But we aren't sure how to do the first and lack the political will to do the second and third. The future is never entirely predictable, but downward mobility is not just a scary sound bite. It's a real possibility.

Richamond Times Dispatch via Real Clear Politics

#Occupy Wall Street: A Manifesto for [Insert Date]

by Barton Hinkle

"We meet every day to decide what our demands are."

— Hero Vincent, a Wall Street Occupier, quoted in The New York Times.

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The Corporate-Owned Media has been misleading people by telling everyone our objectives are unclear. That is a lie. We have been very clear. Superduper clear, in fact. Can't you, like, read our signs? Some of them are really witty, too; you should check them out.

Anyhow. Just to make sure there is NO MORE misunderstanding, here are our demands as of about 9 A. to the M. today.

(1) End corporate greed. Corporate greed is responsible for most of the poverty and suffering on this planet. (The bubonic plague and the Cambodian killing fields? Don't use your patriarchal "logic" on us, fascist.)

(2) No one is allowed to make more than the median income.

(3) Free health care for everybody. Starting . . . riiiiiight . . . NOW!

(4) Also: Free Mumia!

(5) Cancellation of all debts, but especially student debts. Corporations have no right to expect anything just because we agreed to pay the money back.

(6) Immediate regulation of Wall Street. Real regulation this time, like what Roseanne Barr said: Hand over the money or we cut off your head, pig.

(7) Universal peace, love, tolerance and understanding.

(8) Echinacea and bee pollen for everyone.

(9) No more offshoring.

(10) Also, no more racism.

(11) Or pollution.

(12) Or war.

(13) (Except for against the Zionist Entity.)

(14) In order to increase domestic manufacturing employment, repeal NAFTA and all other free-trade agreements.

(15) Also, outlaw interstate trucking.

(16) In fact, everybody should probably make everything they need at home. (Not counting iPads and stuff like that, because c'mon.)

(17) Democracy now!

(18) In union organizing campaigns, unions should be able to sign people up unless they specifically object in writing. (Certified letters only, in solidarity with the USPS. No email.)

(19) Take down the bull sculpture and replace it with a big pot of sunflowers, a sculpture of a koala bear (koalas = peace) or a sculpture of a guy in a business suit stepping on the face of a small child, because that is what corporations do. (We sort of split over which of these should be put in place of the bull. You guys decide.)

(20) Repeal Citizens United, which is, like, the weirdest decision ever.**

(21) A social wage. (Social wage = you get money just for being alive.)

(22) Fair taxation of rich people so they pay their fair share. ("Fair" = 2(n), where n = top marginal rate, whatever that happens to be at the moment.)

(23) Five dozen pizzas: four pepperoni, seven pepperoni and sausage, one double cheese, 11 chicken and pineapple, 37 veggie lovers, and we have a Groupon for this.

(24) The Councils of Workers', Soldiers' and Peasants' Delegates must at once take every practicable and feasible step for the realization of the Socialist program.

(25) Housing is a human right.

(26) Justice for Troy Davis. (Pretty sure we're too late on this, but Dana from Eau Clair insisted.)

(27) Eight hundred trillion dollars in public infrastructure investment, to be paid for by a windfall profits tax on the banking industry.

(28) Education is a human right.

(29) Stop offering to sell us stuff and then agreeing to take our money if we agree to buy it. Everything should be free.

(30) Something about Glass and Steven Seagal and Graham-Leach-Blakely. We think. Willow was taking notes at this point and she has the worst handwriting ever. (Sorry, Willow!)

(31) Wi-Fi is a human right.

(32) This list is not all-inclusive, but it's munchie time.

(33) (P.S. — Doughnuts are a human right, too.)

Atlantic Blogs

Who Besides Solyndra Got Loan Guarantees?

by Megan McArdle

Solyndra CEO Brian Harrison just resigned, as the controversy stubbornly refuses to go away. Seems worth revisiting the loans once again, since I've spent a little time looking more deeply at the program over the past few days.

Supporters of these programs claim that they're a necessary part of winning the green future because these are investments that are too risky, or too big, for private capital to take on.

Of course, if the government is going to be a VC, supporters say, they have to expect a high failure rate. There's a lot of talk about the manufacturing "Valley of Death", where startup manufacturing firms may have difficulty getting capital to commercialize their prototypes. According to proponents of this theory, there's plenty of money for early stage ventures, and plenty of bank loans for established firms, but no money for mass commercialization of new manufacturing ideas. (Hence the "valley"). This valley, they say, is especially wide for energy firms, because the capital costs for starting up are so high.

I've been somewhat skeptical of those claims--why are people pouring money into manufacturing startups if they're inevitably doomed to die at the commercialization stage? But say it's true. I thought it was worth looking at who got the money from these programs, and for what. How well is the government doing in its role of VC/valley of death sherpa?

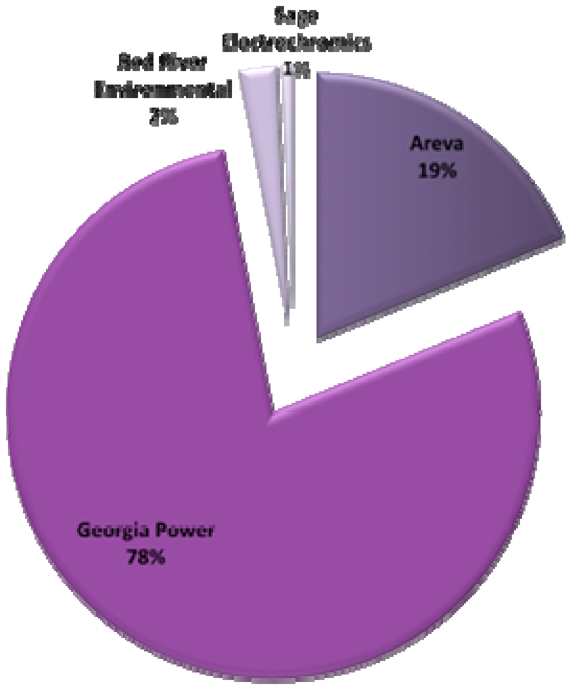
So I went to the DOE's website and manually copied the data on the loan programs. I didn't scrutinize all of the projects--I've already spent more time on this than is probably justified. But I looked at the biggest ones. I put all the number into pretty graphs. And then I thought I'd share those graphs with you, because hell, I have them.

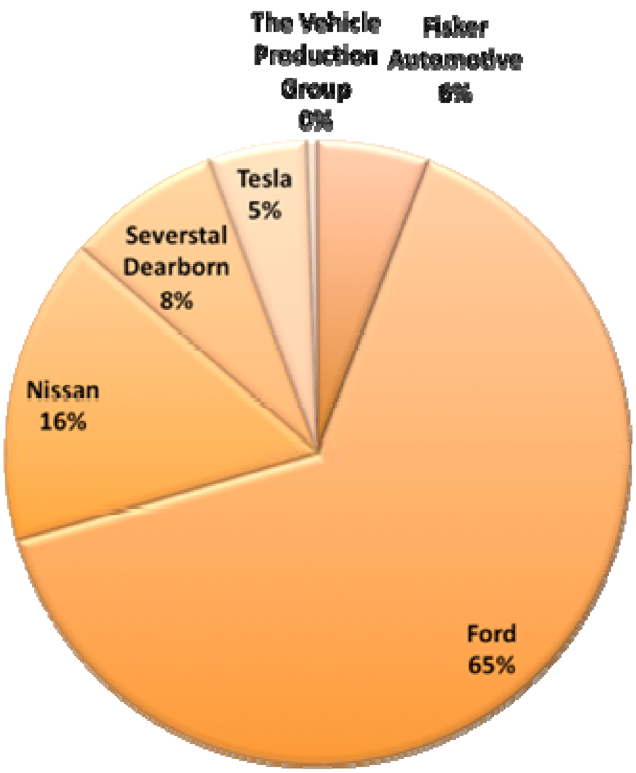
What I'm trying to say is, I just made my first infographic.

I know what you're thinking: "But Megan, infographics are so July 2011!" Yes, it's true: I only adopt trends when they are hoary with age. And I know what else you're thinking: "But Megan, you have the design sensibility of a blind person!" Also pitifully true. In my defense, however, I confined myself to pie charts.

Hell, I can't really defend it. I was in the grip of forces beyond my control. Anyway, here's the breakdown of where the money went:

All loans in the **1703 program** are still at the conditional stage. **Three quarters of the money** will go to two nuclear facilities to be built by **Georgia Power**, a subsidiary of the **Southern Company** (market cap $36 billion)





Almost all of the ATVM guarantees have closed. **81%** of the money, about **$7,350,000,000** went to **Ford** and **Nissan**

I thought about adding a breakdown by state, but figured that I'd already subjected you to enough. However, I couldn't help but notice a distinctly heavy Nevada presence, including $343 million for a transmission line that has no obvious "clean" application, except for some vague promises that it could be used to carry clean Nevada energy to California.

Obviously, there's a point to this. That is, I hope that the infographic will be broadly useful to people who support the program: I figure everyone should be interested to know where the money went. (And here's a spreadsheet for those who want to trundle through the data themselves). But I have highlighted what jumped out at me: most of the money has gone to enormous companies that should have no trouble accessing capital. Established utilities, large multinational auto manufacturers, a global warehouse owner. The bulk of these funds are not going to rectify some gap in the capital markets. They're straight subsidies to huge corporations. Even some of the smaller firms/deals are owned by large corporations like Total SA.

Giving large, established companies extra-cheap loans to build power plants, run transmission lines, and fix up the roofs of their warehouses is, in the immortal words of P.J. O'Rourke, like paying a Dairy Queen owner to keep his ice cream freezers on.

This has implications for the default rates. The genuine startups seem to be shaky--it's not just Solyndra, but also Nevada Geothermal and Brightsource. In other words, the firms that actually need the money are likely to experience a far higher default rate than the overall portfolio.

Why does that matter? Because it skews our perceptions of the usefulness of the program. If we loan a bunch of money to firms that could easily get the money elsewhere, and a little bit of money to firms that are very risky, we can claim a high "success" rate even if all the risky firms fail. But we won't have actually added much value, because the government wasn't addressing a genuine market failure. It was just giving Ford and Nissan some extra-cheap money.

But if we're not really filling a gap in the capital market, this is a terrible way to go about subsidizing clean energy. We should be subsidizing the outcome we want: more solar panels installed, more clean vehicles purchased. If the demand is there, companies will be able to go out onto the market and borrow to fill it. It doesn't do us much good to have a bunch of shiny new electric cars--that sit on dealer lots. Or solar panels in the Solyndra warehouse. We should be paying for performance. Otherwise, we're not winning the future. We're just sticking a green smiley face on the same old corporate welfare--and the government's less like a VC than a farmer slopping the pigs at the trough

Washington Examiner

Congress, govs nix Obama's high-speed rail

by Michael Barone

Dead. Kaput. Through. Finished. Washed up. Gone-zo.

That, I think, is a fair description of the Obama administration's attempt to build high-speed rail lines across America.

It hasn't failed because of a lack of willingness to pony up money. The Obama Democrats' February 2009 stimulus package included $8 billion for high-speed rail projects. The Democratic Congress appropriated another $2.5 billion.

But Congress is turning off the spigot. The Republican-controlled House has appropriated zero dollars for high-speed rail. The Democratic-majority Senate Appropriations Committee has appropriated $100 million in their budget recommendation.

That's effectively "a vote of 'no confidence' to President Obama's infrastructure initiative," concludes transportation analyst Ken Orski, "a bipartisan signal that Congress has no appetite for pouring more money into a venture that many lawmakers have come to view as a poster child for wasteful spending."

The Transportation Department is struggling to push some of the previously appropriated money out the door. Some $480 million of planning, engineering and construction grants were made to 11 state governments in September.

But this doesn't build many rail lines and, with one exception, none of them is really high-speed, like Japan's TGV or Japan's bullet train. The governors of Wisconsin and Ohio nixed train lines that wouldn't provide faster service than current parallel interstate highways. The governor of Florida canceled a faster line between Orlando and Tampa which are only 90 miles apart.

The one remaining project that really promises high-speed rail travel, in California, faces cost overruns that would be astonishing -- except for the fact that cost overruns have been standard operating procedure in high-speed rail projects around the world.

The feds insist California build a 160-mile segment in the Central Valley that is estimated to cost at least $10 billion and will have virtually no riders. The estimated cost of the whole project has zoomed from $43 billion to $67 billion, and there seems to be no prospect of any more public or private sector money.

Barack Obama has rhapsodized about the wonders of getting on a train across the street from your office and traveling to another city, and he has presented high-speed rail as a technology of the future. But high-speed rail is futuristic in the same way as Disney's original Tomorrowland. Gee, some day you'll be able to take frozen peas from your freezer and heat them on your electric range.

Passenger rail is an old technology that is particularly attractive to planners, the folks who want to force us out of our cars and into subways that travel only on the routes they design. Let's make everyone live the way people do in Manhattan!

This is contrary to the thrust of emerging information technologies, which let us take whatever path on the Internet we want. Sort of like automobiles.

Moreover, the idea that it would be great to put high-speed rail lines all over the country shows an underappreciation of American geography and of some of the nation's genuine strengths.

High-speed rail can compete with air travel only over limited distances, but the United States is a continental-sized country. Japan and France, as you may have noticed, are a lot smaller.

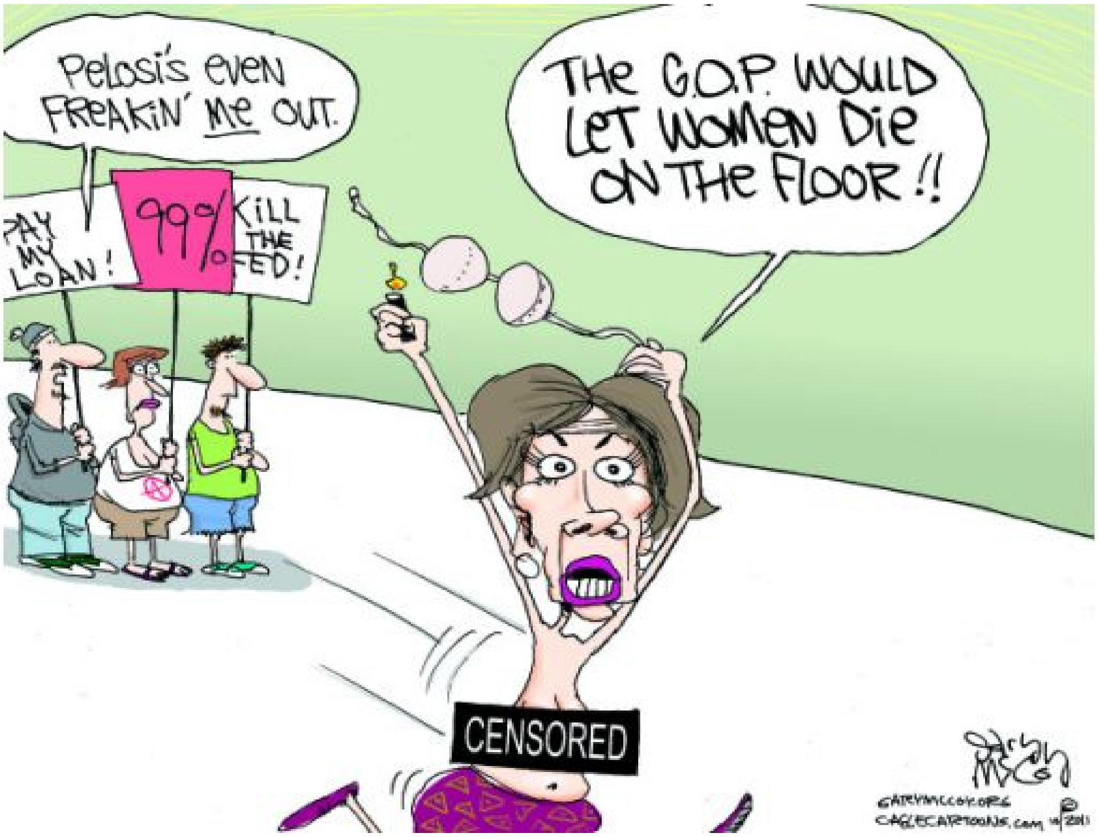
China, which is continent-sized too, has been building high-speed rail, but it's cutting back now and slowing down the trains after a bad accident. Brazil, also continent-sized, is dropping plans for a Rio de Janeiro-Sao Paulo line. Its airlines and buses already work fine.

America's alleged lag in high-speed rail is also a consequence of our excellence in freight rail. Over three decades after Jimmy Carter's deregulation, freight rail has squeezed out costs and made shipped goods much cheaper for all of us. Europe and Japan have lousy freight rail and pay more for things.

The reason that's important is that truly high-speed trains cannot use freight rail tracks. Freight trains travel slower and have a hard time getting out of the way of passenger trains traveling 200 miles per hour. Japan's bullet train and France's TGV operate on dedicated tracks specially built for them. That's expensive.

As a frequent traveler from Washington to New York I'd love to see a real high-speed train in the Northeast Corridor, the only place in the country where it might make economic sense. But if not having one is the price to be paid for the demise of the Obama high-speed rail boondoggle, I'm happy to pay it.

"THE PRESIDENT HAS A MISSION FOR YOU...."


Pelosi's even FREAKIN' ME OUT.
PAY MY LOAN!
99%
KILL THE FED!
THE G.O.P. WOULD LET WOMEN DIE ON THE FLOOR !!
CENSORED


FIRST THERE WAS TERROR...
THEN PANIC...
AND THEN A SENSE OF TOTAL ISOLATION.
BUT FORTUNATELY...
MY BLACKBERRY SERVICE WAS EVENTUALLY RESTORED.
KING FEATURES SYNDICATE
LAS VEGAS SUN 2011
MIKE SMITH