

# IN PURSUIT

OF THE VISION EXPRESSED IN THE DECLARATION OF INDEPENDENCE

## Up and Down on Rail

By Malia Hill

In recent months, the Grassroot Institute of Hawaii has devoted itself to providing guidance on how one might evaluate political action. Whether a checklist for legislation or questions for candidates, the motive has been to create discussion of what constitutes good political philosophy and what types of actions or philosophy may prove ultimately harmful to our State or to liberty and freedom in general. And while we are proud of our efforts to provoke greater analysis and discussion of political action and philosophy on a deeper level, there remains the question of summation: Is there not a simpler way to look at government action or political philosophy? Something that might not require checklists and references?

The answer, of course, is “yes.” Because even our most comprehensive checklist is still centered around a basic question of political philosophy: Does this action move us ↑UP toward greater individual liberty or ↓DOWN toward big government and statism? Broad and deceptively simple, this



examination is at the heart of all inquiries into government actions that have bearing on political philosophy. (That is, pretty much all of them, though I will acknowledge that a debate over which bird should be designated as the “official” state one—and similar trivia—could arguably be exempt from such an inquiry. However, whether it is desirable to spend our resources determining a state bird to begin with is very much on point.) Armed with this ↑UP/↓DOWN metric, one can analyze any piece of pending legislation, suggested policy, guiding principle (or lack thereof), and so on. The key, as we will demonstrate, is to consider the elements involved in light of this metric, rigorously

### An ↑UP/↓DOWN Case Study: Honolulu Rail

The Honolulu Rail project was rushed through on the series of half-truths and unfulfillable promises that tend to characterize most attempts to extract large amounts of money from the public before they realize what’s going on. As the Grassroot Institute has been a long-time opponent of the Rail project, it should be no surprise that we offer it as an example of government overreach. However, you may be interested to see how completely the Honolulu Rail fails the ↑UP/↓DOWN analysis.

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questioning the probable results of the policy in light of its effect on government, taxation, general welfare, and its ultimate effect on the liberty of our citizens. It is, in other words, the ultimate cost-benefit analysis.

Of course, it's simple enough to see how the ↑UP/↓DOWN evaluation can be applied to the more abstract policies that have a direct and obvious impact on individual liberty. Should a law be passed allowing the government to track and store health, family, and economic information on students at schools receiving government aid (as has been suggested via various federal education programs)? This is a clear example of growing government power at the cost of individual privacy . . . an easy ↓DOWN /No. Should regulations raising the cost of goods imported to Hawaii (but not the mainland) be eased in order to help businesses and households prosper (as they would if the Jones Act were modified)? An easy ↑UP /Yes. These quick analyses make it clear that the ↑UP/↓DOWN evaluation requires a serious consideration of cause and effect. Still, even on a more complicated issue, the ↑UP/↓DOWN analysis still holds true. Take, for example, the controversy over Honolulu Rail.

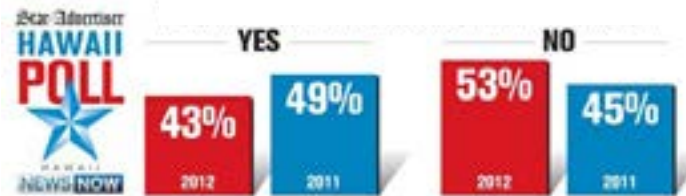
### Step One: Considering the Costs

#### Financial & Tax Burden

Most government initiatives are going to run afoul of ↑UP/↓DOWN analysis when cost comes into play, and the Rail is no exception. Tax dollars are, of course, the water, oxygen, and food of big government. Take them away, and it will suffocate and shrink. Provide them in plenty, and it will grow and grow until it chokes out pretty much everything else. And the Honolulu Rail is, if nothing else, a never-ending trough of tax dollar nourishment for the State government. Several years ago, the projected cost of the Rail was \$3.7 billion. At present, the estimated cost stands at about \$5.2 billion, most of which will fall on the State (meaning Hawaii taxpayers) after a mildly stingier Congress decided to fund a mere \$1.55 billion.

If only that were all there was to it.

The tax burden on Hawaii residents at current estimates puts the cost of the Honolulu Rail at about \$10,000 per household. But, of course, hardly anyone expects the project to actually cost what they say it will cost (now). Overage estimates for the



capital costs could see the local share per household rising to as much as \$15,000 to \$20,000 per household. How many rides from Kapolei to Downtown will it take before you feel like your family got its \$20,000 worth? And that's before taking into consideration the tax burden that flows from maintenance and operations—which again, studies have shown to have been underestimated by another billion or so over the next 20 years.

How bad is the economic situation with Honolulu Rail? A Federal Transit Administration official has expressed doubt that the local government will be able to afford it, calling the funding program insufficient. The state government has had to suspend its debt limit. At a time when the state government faces a number of economic crises, including unfunded government employment liabilities and other infrastructure problems, the local government has signed on to a massive transportation project that is certain to go over its already obscene budget, creating an equally massive taxpayer burden. A certain (and significant) tax increase is a definite ↓DOWN.

#### Growing the Government

Moreover, one cannot ignore the fact that the Honolulu Rail Project inarguably grows the government. There are new jobs, yes, but there are also new government offices and departments and civil servants. Massive projects like the Honolulu Rail create entire new branches of government, which in turn create new regulations for the citizenry. More government (literally) is a ↓DOWN(er).

#### The Intangible ↓DOWN-sides

One must also consider the effect that such a project has on those in government who pass and oversee the project. Billions of dollars are involved, and those dollars are going somewhere. And experience tells us that billions of dollars can tend to make politicians . . . well . . . lose their heads a bit. After all, it is to the financial advantage of some (especially those who could potentially obtain

government contracts) for the Rail project to proceed. And when one looks at the history of the passage of the Rail project—overly optimistic estimates of cost and ridership, little to no consideration of possible alternatives—it's hard not to raise an eyebrow at the eagerness to push through such an expensive, complicated, and potentially controversial project. And yet, here we are. While we do not claim that anyone involved in the push for this project acted unethically, we will say that an extremely expensive government project that appears to create a temptation toward questionable practices (in other words, projects that create a “temptation toward corruption in government”) get another ↓DOWN grade. Finally, it is a minor point, but one worth noting, that elevated rail (and, it must be stressed, heavy, noisy rail at that) does levy an aesthetic cost on its environment. Some cities with mass transit may not be as concerned about aesthetic effect, but when your primary industry is tourism, and your primary draw to tourists is that your state is a beautiful, exotic, island paradise, the negative effect of a loud, unsightly elevated train is worth considering. (↓DOWN).

#### Step Two: Weighing the Benefits (If Any)

So the Honolulu Rail unquestionably grows government, both through tax liability and, literally, by adding to its size. And it arguably grows poorer government, by providing an incentive toward corruption (or at least questionable decision making). And it's unsightly. But some may find these negatives insufficient as an argument against the Rail—or as arguments against other government actions. After all, many government initiatives cost money, and some cost a great deal of it. That

benefit is judged to be worth the cost. (Roads and hospitals are two of the most frequent examples.) Fair enough. We cannot determine that the Honolulu Rail definitively takes us ↓DOWN towards big government and statism without considering whether its substantial negatives are offset by a greater effected increase in personal liberty.

#### Looking for an Economic ↑UP-side

The stated purpose of the Rail is that it will offset traffic congestion in Honolulu (at least between Kapolei and Ala Moana). Hypothetically, that could encourage economic growth, as could the jobs that we are promised the Rail would provide. In general, economic growth and jobs are an ↑UP measure. However, taking the question of the jobs provided by the Rail, we must strongly caution against using government-created jobs as a true sign of economic growth (much less growth of liberty). As such jobs come out of the public pocket (and are even more expensive than many realize, thanks to the many state benefits that are currently helping expand the State's economic woes via the unfunded employee liabilities), they are often . . . at best . . . a wash and more often increase the burden on liberty. (As they constitute both a present and future tax burden and again, physically increase the size of government.) And that's assuming these jobs are filled from local sources, which (in the case of the Rail) is far from a guarantee

So let's be generous and consider the creation of State jobs from the Rail a wash. What about the possible benefit to private industry? If we could be reasonably

Trips by Mode	2007 Existing Conditions		2030 No Build Alternative		2030 Project	
	Daily Trips by Mode	Percentage of Total Daily Trips	Daily Trips by Mode	Percentage of Total Daily Trips	Daily Trips by Mode	Percentage of Total Daily Trips
<b>Residents</b>						
Automobile—private	2,291,800	82.1%	2,815,800	81.5%	2,767,600	80.1%
Transit	166,400	6.0%	205,400	5.9%	255,500	7.4%
Bicycle and walk	333,000	11.9%	432,800	12.5%	431,700	12.5%
<b>Total Daily Trips by Residents</b>	<b>2,791,200</b>	<b>100%</b>	<b>3,454,000</b>	<b>100%</b>	<b>3,454,800</b>	<b>100%</b>

certain that the Rail will ease congestion as promised, couldn't we consider how that will help Hawaii economically? Not to mention the benefit to individuals and families who will see their lives eased by availability of mass transit?

### Can the Project Deliver What it Promises?

But before we can begin the complicated analysis of how much people benefit on an individual basis from the availability of mass transit, we have to examine whether the Rail will live up to its claims that it will succeed in easing traffic congestion. And the Honolulu Rail project fails even this preliminary test. Believe it or not, even with the Rail system in place, traffic is predicted to get worse, not better, and Rail is expected to have a minimal effect on congestion.

In part, this is due to the over-optimistic ridership projections that were part of the rush to pass the project. Even in other, larger, cities ridership projections on mass transit projects have proved far from accurate—generally at about 34% of projections. But where these cities have averaged 1.5 rides per 100 population, the Honolulu Rail is built upon a projection of 17.9 per 100 population (of a much smaller population to boot).

Others have more fully explained the inherent problems in the ridership calculations in the Rail project, but the upshot is that the proposed Rail system will realistically service only a small number of people. Thus, several different efforts to tackle the question of the probable (realistic) effect of the Rail Project on traffic congestion have all come to similar conclusions: the Rail's effect on traffic will be minimal, perhaps saving as much as 5-10 minutes on an 80 minute commute, or possibly making no difference at all for the majority of commuters.

Is five minutes of time for a minority of Oahu's citizens worth more than \$5 billion in taxpayer dollars? This certainly does not seem deserving of an ↑UP grade.



### Conclusion: ↓DOWN on Rail

Those defending the Rail say that reducing the benefit analysis to a cold appraisal of impact on traffic is to oversimplify the matter and ignore the more intangible benefits. How convenient. Such ill-defined “intangibles” are what the ↑UP/↓DOWN metric is designed to expose and puncture. If you cannot define or describe the benefit to the public—to personal liberty—that a government action is meant to create, than that benefit does not exist. If one is going to take something from a citizen by force (and all tax dollars are taken by force, as you hardly pay your taxes out of the goodness of your heart, but because of the penalty for refusing to do so), one should not be able to do so for fuzzy, “intangible” reasons. Even a park can have tangible benefits. (An area for recreation, space for a memorial, etc.) The fact that no single, irrefutable, tangible ↑UP benefit can be advanced in support of the Honolulu Rail project is enough to decisively fail it according to our analysis. The Honolulu Rail Project takes us ↓DOWN towards bigger government, statism, and greater infringement on our liberty.

### A Final Note on ↑UP/↓DOWN Analysis

In some ways, this exercise may seem redundant. Chances are that if you value smaller government and individual liberty you already (at the very least) had serious reservations about the Rail project. In which case, the step-by-step analysis demonstrated here may seem overly involved . . . you may well have seen immediately that Rail takes us ↓DOWN toward bigger government and reduced liberty. The fact that you made such a quick connection, however, goes to the heart of why we champion the ↑UP/↓DOWN metric. Because, while it is possible to use it to outline in detail the problems inherent in a particular government policy, it has the benefit of also being able to be used quickly and instinctually, relying as it does on the core issue of liberty and big government. Consider it the most sophisticated analysis you'll ever do in less than thirty seconds.



## About the Grassroot Institute of Hawaii

The Grassroot Institute of Hawaii is an independent, nonprofit research and educational institution devoted to promoting the principles of individual liberty, the free market, and limited and accountable government throughout the state of Hawaii. Through the publication of accurate and timely research and commentaries, as well as by organizing conferences and seminars, the Institute seeks to educate and inform Hawaii's policy-makers, news media and the public at large on key statewide public policy issues.

Founded in 2001, the Institute's research and conferences have helped provide the ideological foundations for many public policy debates.

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Malia Hill graduated from Mount Saint Mary's College and holds a J.D. from Catholic University Columbus School of Law. She comes to Grassroot Institute with a wealth of non-profit experience in both Hawaii and Washington, DC, including everything from health and education to social and economic issues. In addition to her work in political media, video, and activism, she acts as a writer, researcher, and consultant to Grassroot Institute on policy issues.

