



1. Introduction

As with all public projects, the construction and operation of a light rail line must compete with other priorities for limited budgets. Case studies have borne out the significant positive financial and economic growth spurred by investments in light rail.

2. Background

In Stanley Berge's "Why Kill The Passenger Train", Berge describes the original decline of the passenger train during the timeframe of the late 40s to late 50s and predicted that services like sleeping cars and coach service would almost entirely disappear by 1970.¹ That year is when the Rail Passenger Service Act of 1970, which established Amtrak, was passed by Congress.

Berge also addresses the Passenger Deficit Myth, which is that rail transportation only makes money when it transports freight and it loses money when it transports passengers. The truth is that some passenger rails are profitable while others are not.

This is also repeated in "The Value of Amtrak" by Steven A. Morrison, he states that Amtrak carried 19.2 million passengers an average of 226 miles, and 57% of the ridership was concentrated in the northeast corridor, specifically between Boston and Washington, D.C.²

It should be noted that the general cost of travel per mile for Amtrak was 22.3 cents per mile, yet Amtrak only charged 8.3 cent per mile, leading to a massive deficit.² This is because Amtrak has always relied on federal subsidies to support its operating expenses, despite its for-profit status. In 1988 when calls for no funding to Amtrak were being considered there was a real possibility of privatization. So, when one thinks of Amtrak and rail travel, they should ask themselves "who benefits from rail travel?" and "which routes are worth the cost of subsidizing?"

Previous research, both before and after the creation of Amtrak, concluded that with the exception of short haul, high density routes, passenger rail is not profitable. Morrison goes beyond the financial viability of rail travel, however and focuses on the social viability to estimate the benefits. In other words, there are route-specific compensating variations for eleven routes, which fit the high-density, short haul criteria that both Berge and Morrison define as the ideal route for rail transit to be profitable.

Furthermore, the main aspect of Morrison's argument is who benefits the most or who sees the most value in rail travel. Low income travelers typically see more value in rail transit than business travelers in almost all aspects except for short-haul, high density routes. This is because travel time by rail is more important in areas of high density due to large traffic congestion caused by automobiles allowing for rail travel to be seen as more efficient.

1. Berge, Stanley. "Why Kill the Passenger Train?" *Journal of Marketing* 28, no. 1 (1964): 1–6.
<https://doi.org/10.2307/1249218>.

2. Morrison, Steven A. "The Value of Amtrak." *The Journal of Law & Economics* 33, no. 2 (1990): 361–82. <http://www.jstor.org/stable/725368>.



Before continuing, it should be noted that New Jersey ranks first as the most densely populated state in the country, with only Washington D.C coming out ahead. Furthermore, the average commute is also roughly half an hour.³ Despite fitting the criteria for short-haul, high density, light rail travel in New Jersey—especially South Jersey—is very lacking.

It should be remembered that in the enabling legislation of The Rail Passenger Service Act of 1970 which states “rail passenger service can help to end the congestion on our highways and the overcrowding of airways and airports”, which is something which every citizen of New Jersey can understand if they commute everyday on the Turnpike or Parkway. The benefit of rail travel is considered the most optimal at shorter routes between large cities, which perfectly fits the New Jersey residents who commute to work in New York City or Philadelphia.

The University of North Texas Economic Research Group evaluated data with respect to economic development along the local light rail network in the Dallas-Fort Worth TX area in November 2023. The Dallas Area Rapid Transit (DART) light rail system, the longest light rail system in the country at 93 miles, serves a dozen cities in the DFW region. The UNT ERG compiled data for the years 2019 through 2021 to measure economic growth impact of the DART system.

Here in New Jersey, the NJ Transit light rail and bus networks are critical infrastructure that serve communities throughout the state. The tri-state Regional Plan Association sifted the economic impact data from five municipalities across the state and found strong positive returns from NJ Transit’s investment in services.

Individuals and families across the state and country have felt the squeeze of stagnating wages and increased costs of living. Personal transportation, particularly in the form of private vehicles, has had an outsized contribution to that increased hardship. This is felt most acutely in the middle and lower-income economic strata, for people who can least afford the extra burden.

3. Analysis

The Dallas-Fort Worth area appears to have experienced tremendous positive economic impact linked to its DART rail system even during the COVID-19 pandemic and subsequent downturn. The UNT study looked at development projects within a quarter-mile of DART stations. There were 31 commercial, residential, and public projects completed with a total property value of over \$980 million.⁴ These projects created over 10,000 construction jobs and generated nearly \$200 million in federal, state, and local tax revenue over the study period.⁴ Additionally, the true economic impact seems to be even greater than these numbers imply; the study excluded the six downtown Dallas stations that have some level of overlap in their quarter-mile radii. The authors conclude that the DART system is a major contributor to the region’s positive economic health.

2. Morrison, Steven A. “The Value of Amtrak.” *The Journal of Law & Economics* 33, no. 2 (1990): 361–82. <http://www.jstor.org/stable/725368>.

3. “The Value of NJ Transit,” RPA, accessed July 27, 2025, <https://rpa.org/work/reports/the-value-of-nj-transit>.

4. Carroll, Michael C. and Zhou, Yang. “The Economic Impact Near DART Light-Rail Stations 2019-2021.”



The Regional Plan Association selected five municipalities (Atlantic City, Bloomfield, Hackensack, Newark, and Union City) to evaluate for the economic impact of NJ Transit.² The findings were an indication of the value proposition of transit; the authors conclude that every dollar invested in NJ Transit returned five dollars of economic value for the communities in the study.³ If projected conservatively statewide, this extrapolates to \$12.7 - \$13.8 billion per year or a service on the order of \$10,000 for each household in New Jersey.³ To say that NJ Transit pays for itself seems an understatement.

As middle- and lower-income families intuitively sense, personal automobile transportation is a major share of the monthly budget. If these costs only seem to be getting worse, the data bear that out. The average driver spends \$0.75 - \$1.00 per mile⁵ on total automobile costs, including fuel, maintenance, depreciation, financing, and other costs. Just purchasing a vehicle - new or used - has also become more and more expensive, often requiring buyers to sacrifice safety or reliability.

Building on top of the economic viability of rail transit for middle and lower income families, one may still ask what else is the attraction of rail travel? For some the answer may be in *safety*. In Ian Savage's "Comparing the Fatality Risks in United States Transportation Across Modes and Over Time", he uses data to form an analysis in two separate parts—the first using data from 2002-2009, and the second using data from 1975-2010. The first uses data spread out across an entire decade on the basis that it "minimizes any misleading comparisons that might result from using data for a single year." This is because Savage recognizes that some modes of transportation are susceptible to what he calls "fluctuations" from catastrophes that may happen and cause a spike in injuries or casualties numbering in tens or even hundreds. A modern example of this that many would be familiar with is the rise in aviation catastrophes related to Boeing produced air planes that have resulted in lawsuits against the company. In the first part, between 2000 to 2009 a number of 43,239 people died in transportation accidents. This amounted to 1.78% of all deaths from all types of causes in the United States. Transportation related fatalities represented an astounding 38% of all "unintentional injury deaths". When we look at individual modes of transportation such as the highway, it reaches an astounding 94.4% of the national total. 73.7% of those highway fatalities are primarily "occupants of automobiles and light trucks". Savage defines light trucks as "passenger minivans, pickup trucks, and sports utility in addition to light freight and commercial vehicles". 55% of these deaths were the result of collisions where an automobile did not collide with another, examples being such as a rollover incident, hitting an animal such as Deer or hitting debris, or even catching fire on the road.³

When Savage returns to the rail transit he establishes the broad reporting requirements at rail facilities, while pointing out that causes of death exclude illness or disease it includes statistics such as victims of crime, passengers falling down stairs, or suicide by train. On average, each year rail transit only

2. Morrison, Steven A. "The Value of Amtrak." *The Journal of Law & Economics* 33, no. 2 (1990): 361–82. <http://www.jstor.org/stable/725368>.

3. "The Value of NJ Transit," RPA, accessed July 27, 2025, <https://rpa.org/work/reports/the-value-of-nj-transit>.

5. 1. "Your Driving Costs," Your Driving Costs, accessed July 27, 2025, https://newsroom.aaa.com/wp-content/uploads/2023/08/YDC-Brochure_2023-FINAL-8.30.23-.pdf.



had 8 deaths of passengers while they were on board trains, 15 passenger deaths at stations, and 3 employee deaths. Following this is an addition of 8 deaths of highway users at rail-highway crossings along with 34 trespasser fatalities.⁶

4. Conclusion

The benefits of light rail networks are apparent, and South Jersey seems poised to reap those benefits with the proposed Glassboro-Camden light rail line. A factor even further in the GCL's favor is the existence of the railroad tracks themselves, which are currently used for freight transport. All major projects such as this one come with financial costs, but the GCL has the potential to be a strong net positive economic force: not only for the communities it intends to serve, but also for the thousands of commuters who will take advantage of its service. With data demonstrating cost savings of thousands of dollars for the average transit rider and millions of dollars in benefits to the municipalities along its route, the GCL will easily recoup its financial costs and become an economic engine for the region.

6. Savage, Ian. "Comparing the Fatality Risks in United States Transportation across Modes and over Time." *Research in Transportation Economics* 43, no. 1 (July 2013): 9–22.
<https://doi.org/10.1016/j.retrec.2012.12.011.4>



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