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Re-analyse the Early Stage American Railway Investment System from the Land Use and Privatization Double-guided Perspective: the Drawbacks and warnings

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Abstract

The Chinese railway infrastructure investment has come to a new developing phase with the feature of privatization and land double-oriented. Most domestic literatures recommend the experiences of the “private investment & land grant” model of American railway investment system. However, the growth trajectory of private capital and land system in China are considerably different from that of the United States. The paper reveals the role of the various stakeholders in the railway development, re-analyzing the drawbacks of American railroads development model and proposing the warnings to policy options of the current and future Chinese Railway development.

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1. Introduction

On May 18, 2012, Former Ministry of Railways (MoR) of China issued an important policy package to encourage and guide private capital investment in railway field, looking forward to change the investment and financing system of railway, further opening the investment and financing areas, and explicated several fields that

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allow private capital to enter. On August 9, 2013, the State Council of China printed and distributed opinions about accelerating reform on the investment and financing system of railway. There are six parts: promoting reformation of railway investment and financing; building multi-modes and multi-channels to raise construction funds; improving the mechanism of railway tariffs constantly and rationalizing the railway price relationships steadily; establishing arrangements for railway public welfare and institutional policy transport subsidy to create conditions for social capital; efficiently using the railway land resources and encouraging comprehensive development of land use; strengthening enterprises management and striving to improve the return on assets; expediting the early stage work of projects and form a synergy force in railway construction. On August 9, 2013 The State Council officially promulgated opinions to support the implementation of the comprehensive land development of railway construction China Railway Corporation (CRC) adopted measures about implementation of railway land development in order to implement the spirit of the above opinions and made related policies for comprehensive land development.

CRC planned to invest 29.28 billion Yuan on comprehensive land development in 2014, while the railway administrations planned investments of 18.16 billion. Ninety-seven projects have been started by the end of August, with four more projects than that of July and the total investment of 12.95 billion Yuan by the end of August with 637 million Yuan more than that of July.

The above information indicates that the railway infrastructure has entered a new phase of privatization and land use double-oriented in China. The paper argues that the novelty of railway construction in China seems to be the reproduction of American railroad development model in early stage. Though most domestic literatures recommend of “mode of experience” of American “private investment & land grant” railway investment system, the growth trajectory of private capital and land system in China is considerably different from that of the United States. Therefore, the paper reveals the role of the various stakeholders in the railway development, re-analyzing the drawbacks of American railroads development model and proposing warnings to the current and future development of China Railway as well as the policy options.

2. The valuable phenomenon and new meanings of American Railway

The American railway experienced various stages: the early development stage, prosperity, recession and prosperity (Fig.1) from 1830 when the first American railway was built and opened to traffic to 2009 when it announced the construction of high-speed rail network across the nation. The operating distance of railway was increased from 13 miles (in 1830) to more than 112,630 kilometers (in 1870), and peaked in the 1920s with the total operating distance of more than 400,000 km, accounting for 40% of the world's total railway mileage. There are five main railway lines across the continent, centering on Chicago and connecting major cities, such as New York, Washington, Houston, San Francisco, Seattle and San Francisco. Also, there are numerous railway branch lines spread to every corner of the continent. Also, there is the unique multi-lines parallel railway network structure in the United States.
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