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## The Myth of Passenger Train Profitability

A speech by Amtrak Reform Council member **James Coston** in Philadelphia December 1, 2001.

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Thank you, Richard. I'm delighted to be with you today and I'm honored to be at the founding meeting of the first independent consumer-advocacy group for the nation's railroad passengers.

You know, 2001 is the 175th anniversary of the American railroad industry. Isn't it great that after all that time the rail passengers of this country can finally have a strong, independent organization fighting for their interests? Only 175 years-isn't patience a wonderful thing?

Actually, I can answer that question. I'm an expert on patience. It took me eight years to get to a position where I could influence American passenger-rail policy. I started out in 1993 seeking a presidential appointment to the Amtrak board of directors. It was April 4, 2000, before I finally received a congressional appointment to the [Amtrak Reform Council](#), a body that didn't even exist when I began my quest.

I'm not complaining. Now that I am on the ARC, I have to admit it was worth the wait. My colleagues on that panel include some of the most serious, committed, thoughtful and dedicated partisans of passenger trains in our nation's history. With only one exception, all of them want to see passenger trains run, and all of them embrace the idea that **it is the responsibility of the federal government to provide the leadership and the financial support for a strong and growing passenger-train system in our nation.** Working with my colleagues on the ARC is the most exciting, stimulating and rewarding thing I have done since the early 1980s, when I actually ran chartered Amtrak passenger trains and served full-course meals and poured wine for our first-class passengers riding in dining and lounge cars we chartered from private owners.

I'm sure the nice people here would like to hear me tell some stories of what it was like to run those trains, but that's not why I'm here. More than a decade ago I made an important decision about my life. I decided to switch from running passenger trains as a personal frolic to getting our government to run passenger trains as a public obligation. This morning, I'd like to bring you up to date on what we have to do to make that happen.

As you all know, on November 9, 2001, the ARC exercised one of its statutory responsibilities. The members voted six to five in favor of a "finding" that Amtrak would not become financially self-sufficient in time to meet a congressionally imposed deadline of October 1, 2002. This was something the ARC was mandated to do under the 1997 Amtrak Reform and Accountability Act. That was the legislation which created the ARC and laid down the mandate that Amtrak must become self-sufficient within five years.

When the vote on self-sufficiency came, I voted in the minority. I voted that the ARC should not make such a Finding, even though I knew at the time-as all of the ARC members did, that there is no possible way-and never was any possible way that Amtrak could have reached operational self-sufficiency, deadline or no deadline.

Many people have asked me since then, "If you knew Amtrak couldn't break even by October 2002, why didn't you concur in a Finding that said that?"

And my answer is: Because to do so would have been to concur in an absurdity, which is the presumption that passenger trains can-or should-be profitable. In fact, it would be to concur in two absurd presumptions. The second is that passenger-train profitability can be ordained by an Act of Congress.

That's what I'd like to talk about today-the absurd Myth of Passenger Train Profitability and how it has retarded the nation's progress toward a sound passenger-train system.

I'd also like to talk about two ancillary myths. I call them the Myth of the Great Debate and the Myth of Picking Winners and Losers. Together, these three dangerous myths have led passenger-train advocates as well as critics down a primrose path of falsehoods. These falsehoods-some of them propagated by Amtrak itself- have made public discussion of passenger-train issues unnecessarily confusing and set back the construction of America's new passenger-train system by well over a decade.

Let's look first at the **Myth of Passenger Train Profitability.**

I voted against the ARC's Finding because the 1997 law was silly, meaningless, irrelevant, futile superfluous, gratuitously punitive, and inappropriate. Companies don't become profitable because somebody passes a law ordering them to. Companies become profitable for two reasons: An economic and political environment favorable to profitability exists, and a management capable of exploiting that environment is in place.

Passenger trains have not enjoyed a favorable economic or political environment in this country since the 19th century. Absent a change in that environment, passing a law commanding Amtrak to stop losing money is like shaking a baby to make it stop wetting its diaper. It's an act of futile, cruel desperation by somebody who doesn't understand what's really happening or how to stop it.

We laugh about "the blind leading the blind." But the 1997 Amtrak Reform Act was compounded that absurdity: It presumed that politicians could command bureaucrats to be businessmen. The Congress acted without understanding the forces that drive transportation economics in this country.

Profitability is not a reliable or trustworthy index of the effectiveness of a transportation system. **Our highway and civil aviation systems are not profitable, nor do we expect them to be.** Why then should we place this commercial burden on Amtrak?

The chairman of the Senate Commerce Committee, Fritz Hollings of South Carolina, recently noted that no passenger rail operation in the world operates at a profit. Sen. Hollings was correct, but he didn't go far enough. He made it sound as if passenger trains are unique in being unable to make a profit. In fact, **all forms of intercity commercial passenger transportation are money-losers-if you calculate all of their costs in the same way we calculate the costs of passenger trains.**

Let me tell you about Warren Buffett. I hope most of you know who Warren Buffett is. He's America's most successful investor. He became one of the nation's ten richest people by picking investments shrewdly and risking his money with companies he felt were poised for strong growth. Well, here is how Warren Buffet was quoted in the October 21 Chicago Tribune:

**"The airline business, from the time of Wilbur and Orville Wright through 1991, made zero money net."**

I didn't say that. America's most successful investor did.

During the Clinton prosperity bubble, of course, several airlines made enough money to pull the industry as a whole into profitability again. But in the year following the collapse of the tech stocks in April, 2000, all of those profits and more were wiped out and the airline industry as a whole once again has become a lifetime net-loser. This year the market capitalization of **United Airlines** dropped so far that its parent company lost its ranking as one of Chicago's fifty largest corporations. By the time United's board fired the CEO last month, the nation's second- largest airline had a lower market cap than Tootsie Roll Industries. And, as I learned on my trip out here today, United's meals in First Class now feature entrees with the consistency of a Tootsie Roll.

So, using the logic Congress applied to Amtrak in 1997, should we force the airline industry into liquidation or restructuring just because it has shown a negative aggregate lifetime profit?

**The failure of the airline industry to earn a profit over its 75-year lifetime** should tell us something about the futility of expecting Amtrak to make a profit, particularly over a five-year timeline as specified by Congress in 1997. For **the airlines have been the beneficiaries of the one of the largest taxpayer subsidy programs in the history of American socialism.**

\* Item: In 1926, the U.S. Post Office began building a nationwide system of navigational beacons to guide air-mail pilots at night. Air Mail customers did not pay for these improvements, or even for the direct cost of operating mail planes. Post Office subsidies guaranteed the Air Mail contractors a rate-per-pound sufficient to pay all costs plus profits.

Some airlines gamed this system by air-mailing hundreds of pounds of "letters" stuffed with blank paper to themselves in order to build revenues. One airline air-mailed itself two tons of lithographed materials from New York to Los Angeles. The postage cost \$6,000 but the Post Office paid the airline \$25,000 for the haul.

\* Item: During World War II and the Korean War, the federal government funded billions of dollars worth of aeronautical research that later was cascaded free of charge down to the commercial airline industry-high-compression piston engines, jet engines, radar and sophisticated new lightweight metal alloys. The world's first successful commercial jetliner, the Boeing 707, developed directly out of the Air Force's B-47 bomber. The airlines did not pay these huge R&D costs; Cold War taxpayers did.

\* Item: During those same wars, **the U.S. taxpayers paid for the training of thousands of military pilots who upon discharge joined the airlines and brought their skills with them.** Only in the last decade have retirements from the Vietnam War generation of airline pilots forced the airlines to begin training pilots from scratch.

\* Item: **Since 1946, the federal government has poured billions of dollars into airport development.** In 1992, Prof. Stephen Paul Dempsey of the University of Denver estimated that **the current replacement value of the U.S. commercial airport system-virtually all of it developed with federal grants and tax-free municipal bonds-at \$1 trillion.**

Not until 1971 did the federal government begin collecting user fees from airline passengers and freight shippers to recoup this investment. **In 1988 the Congressional Budget Office found that in spite of user fees paid into the Airport and Airways Trust Fund, the taxpayers still had to transfer \$3 billion in subsidies per year to the FAA** to maintain its network of more than 400 control towers, 22 air traffic control centers, 1,000 radar-navigation aids, 250 long-range and terminal radar systems and its staff of 55,000 traffic controllers, technicians and bureaucrats.

And let's not forget that walking-around change-\$15 billion-that Congress gave to the airlines so fast that "please" and "thank you" were separated by a nano-second. I read yesterday that Midway Airlines is getting a check big enough for it to start flying again. Midway is one of that group of airlines-like TWA-who frequent Bankruptcy Court the way professional athletes hang out at strip clubs.

Question: **If the airlines cannot be profitable after 75 years of federal investment in a state-of-the-art infrastructure and command-and- control system, how is Amtrak supposed to operate profitable, customer- friendly passenger trains over a 22,000-mile network of privately financed 19th-century railroad alignments using a 19th-century signaling technology and 19th-century grade-crossing protection that limits trains to an effective average speed of 48 miles per hour?** You wouldn't dare pass a law ordering a bunch of managers to operate a profitable shoe-manufacturing business in a 19th-century factory building using technology built in 1920 while paying their employees 21st-century wages. So why would you pass a law ordering a bunch of managers to earn a profit carrying railroad passengers according to those same rules?

Here is how I answer that question. The answer has several elements:

\* First, **"profitability" is no more achievable for passenger trains than it is for airliners and private autos** (are private cars "profitable" to their owners when they carry an average of 1.2 passengers per trip and spend about 20 out of each 24 hours sitting idle in a garage or parking lot?) The question of "profit" in for-hire passenger carriage is dangerously misleading and irrelevant. **The economic value generated by passenger transportation historically is captured by the businesses served by the transportation network, not by the carriers.**

\* Second, **passenger trains require federal infrastructure investment in a modern right of way and a modern command-and-control technology just as cars and airplanes do.** Until the federal government funds a meaningful, modern and relevant system of passenger-train tracks, signals and stations, no

comparison between passenger trains and cars or airliners is valid. To be competitive, trains must first be provided with the means of competitive success, as cars and airplanes were. And as shoe factories are.

\* Third, the stupidest thing ever done in the name of a successful U.S. passenger-rail system was Congress's 1997 mandate that Amtrak become profitable in five years on the American railroad industry's network of obsolete, congested, low-speed freight-train routes.

\* Fourth, the second-stupidest thing ever done was for Congress to fritter away the next four years without establishing a budget and a program to build modern railroad tracks.

\* And finally, the third-stupidest thing was when Amtrak management agreed to go along with Congress's stupidity. Not until the spring of 2001 did Amtrak's CEO begin publicly hinting that the nation might need to invest in better railroad tracks outside the Northeast Corridor.

Thus, Congress and Amtrak colluded to ignore reality and finesse the infrastructure issue by tacitly accepting the idea that Amtrak's trains could somehow compete with the nation's advanced highway and airway systems without a federal investment in advanced railroad tracks.

It cannot be done. Trains, like cars and airplanes, cannot perform effectively on an obsolete infrastructure.

\* The U.S. government began facing the highway infrastructure issue in 1916 with the Federal Aid Highway Act.

\* It confronted the waterway infrastructure issue in 1920 with the Transportation Act, which as early as 1923 included a \$57-million appropriation for locks and dams on the Ohio.

◆ It began addressing the airways problem with the postal beacons of 1926 followed by the Federal Airport Act of 1946, which offered the nation's cities \$520 million in federal matching funds for airport construction over a seven-year period-an enormous sum of money for that time.

Since the establishment of their respective federal infrastructure programs, each of those three modes has enjoyed hundreds of billions of dollars in federal infrastructure investment, each from its own infrastructure-development program, and each eventually from its own trust fund.

But today, after nearly a century of federal investment in road, air and water infrastructure, we still have no federal fund for development of a modern passenger rail system, and our passenger-train service-as well as our congested highways and our terror-threatened airline industry- reflects this colossal failure of congressional will.

Transportation is no different than any other area of human activity: You may not always get what you pay for, but you definitely do not get what you don't pay for.

So when six of my fellow ARC members said, "We are shocked-shocked-to find Amtrak isn't making any money," I just couldn't go along with the charade. My "no" vote essentially was my way of saying, "You're telling me Amtrak isn't making any money? So what else is new? Who is? Profitability in passenger transportation is a myth. Everybody is subsidized. Congress needs to get over it.

Let's look at Myth No. 2, the Myth of the Great Debate. The Great Debate Myth is related to the Profitability Myth, but it has taken on enough of an identity of its own that it merits a separate discussion.

What is the Great Debate? As you know, Amtrak's chief executive officer, George Warrington, got up in front of the National Press Club last May and announced that he had discovered-after three-and-a-half years in his job, I might add-that Amtrak could not make a profit while also carrying out its mandate to provide a public service.

*[Editor's Note: George Warrington resigned April 2002. He was succeeded by David Gunn in late April 2002.]*

I don't know why it took George so long, to figure that out. It may not be sufficiently common knowledge to be included in the standard high- school civics curriculum, but, every state Department of Transportation official knows it, and they say so every year so when their friendly Amtrak government-affairs officer comes around soliciting alms for the 403(b) program.

Anyway, after three-and-a-half years of reassuring Congress that he would make their passenger trains profitable, George got up and told the National Press Club it couldn't be done. And to resolve the dilemma he called upon the people and their elected representatives in Congress to hold what he called "a great national debate" on the future of the American passenger train. Sen. John McCain has called for the same thing.

Well, I'm here today to spare the people and their Congress that unnecessary effort. The idea that we need some sort of great national debate on passenger trains is a myth. Why? Because the debate has already been held, and passenger trains have won, and I've got the proof.

Those of you are older than I will remember those first senatorial hearings televised in black-and-white back in the 1950s. Senator Joe McCarthy of Wisconsin would leap to his feet while brandishing a sheet of paper and say, "Mr. Chairman, Mr. Chairman-I hold here in my hand a list of fifty-two known Communists who are employed by the State Department. Who's covering up, America?"

I myself do not happen to be old enough actually to remember those hearings. I know about them because I was a poli-sci major at Northwestern. Nevertheless, I have learned the importance of brandishing pieces of paper and naming names in public forums, so here goes.

Uh-Mr. Chairman (look over at Richard), I hold here in my hand copies of forty editorials and guest essays that have appeared in the nation's media since September 11, all of them urging Congress to get busy on funding a passenger-train system. Only three media published essays against passenger trains.

I counted them up. There were forty of these editorials and op-eds in the days following the September 11 attack. You may be familiar with a couple of them. They were done by Andy Rooney in his segment on "Sixty Minutes." I have the transcript of one of them here, along with thirty-nine others clipped from newspapers across the country. I feel sort of like that defense attorney in "Miracle on 34th Street" who wins Kris Kringle's sanity hearing by saying, "O.K., boys, bring 'em in!"-and the clerks start emptying mail bags full of letters that say the people of New York believe in Santa Claus.

Well, ladies and gentlemen, I rest my case: **The people of the United States believe in passenger trains, and they don't expect to get them from Santa Claus. They expect their taxes to pay for the building of new railroad tracks and signals, just as their taxes paid for highways and airports and dams and**

**barge canals.** Hello, George Warrington! Hello, Sen. McCain! You can forget about that great debate. It's over. We may not yet know how we're going to pay for that new infrastructure, but as for the question as to whether we want it and whether we need it-that's settled.

Before I move on to debunk the third and final myth, let me just say something about funding. If I am reading the sentiments of the American people correctly (hold up the stack of editorials again), we are rapidly approaching the same phase of passenger-rail development as we had reached in highway development of July 12, 1954.

That was the date when Vice President Nixon addressed the National Governors Conference at Lake Placid, New York, to announce the Interstate highway program. Nixon told the conference that President Eisenhower, along with the auto industry, the petroleum industry, the cement industry, the trucking industry, the manufacturers of earth-moving equipment and the big civil-engineering firms had all agreed on the basic design of a 40,000-mile, coast-to-coast, border-to-border network of limited-access, grade-separated high-speed divided highways that would connect all cities of more than 50,000 population.

Despite that agreement, however, it wasn't until two years later-June 25, 1956-that Congress passed an Interstate highway bill. All of the intervening time was spent debating a funding formula. Three Interstate bills failed before Congress agreed on a funding mechanism-a fuel tax paid into a new Highway Trust Fund.

I hope it won't take this Congress another two years to devise a formula for funding passenger rail infrastructure, but I hope the people in this room will not feel unduly frustrated if it does. All of the different transportation modes had to fight for their existence-some for a very long time.

In 1925 Orville Wright testified before the House Committee on Interstate and Foreign Commerce that the chief obstacle to the development of aviation was the lack of a federal airport program. It was another 21 years-1946-before the federal government began dispensing matching funds to help local communities build commercial airports. Trains can't wait that long. We have to get ready for the funding battle now.

Let me conclude by debunking the final myth. It is the myth that government not only should build the rails for the new passenger trains, but should pick the winners and losers.

What I am referring to here is the growing number of would-be passenger-train supporters who propagate the doctrine that the only type of intercity passenger train that can be justified economically is the short-distance or intermediate-distance high-speed corridor species.

Don't let anybody tell you that. For one thing, we don't actually know if it's true. A lot of people have been going around acting as if it's true, but the fact is: We just don't know what kinds of passenger trains will work in this country. There is no solid body of evidence and no corpus of experience that would enable us to pick the "winners and losers" in advance. The dirty little secret of the passenger-train business in the United States is that there has been so little passenger-train activity in the last 30 years that in effect there is no passenger-train industry and hence no industry experts.

I include myself when I say that, even though I've probably got more passenger-train experience than most of the management at Amtrak. I worked for Amtrak as a station agent and reservations clerk from 1973 through 1979. In 1971 I co-founded a rail-travel club which by 1986 had operated nearly 100 profitable rail excursions-about half of them on entire special trains we chartered from Amtrak.

Nevertheless, despite all that experience, I hesitate to call myself a passenger-train "expert," and I don't acknowledge very many others in this country to be passenger-train experts either. Most of the trains we need to be running have never even been tried, and the number of trains we do run is so small, and our passenger-rail technology so outdated, that America has never had the opportunity to build up a body of passenger-rail expertise and management capability that measures up against the best practices overseas.

Let's face it. We're amateurs. We're not in a position to get doctrinaire about what's going to work and what isn't.

So when people ask me, "Can overnight business-class sleeping-car trains be a successful alternative to air travel in any American markets of-say- 700 to 900 miles?"-I honestly have to say, "I don't know. I have strong suspicions-but I don't actually know. The concept hasn't been in existence in this country for 35 years, and in the last 10 years of its existence it wasn't supported."

When people ask, "Can modern, fast, comfortable, long-distance coach travel-something like the El Capitan or the Pacemaker-again make a significant contribution to American mobility?"-again, I have to say, "I have my suspicions, but I'm no expert, and neither is anybody else."

This is not false humility. I'll stake my passenger-train credentials against those of anyone in this country. We passenger-train advocates have to recognize that there's a huge vacuum of knowledge and experience in this country. We have no basis for picking winners and losers at this stage of our understanding. Mail-and-express trains, seasonal vacation trains, long-distance trains that network with feeder trains at key junctions, building high-speed rail lines into hub airports, tour trains, group travel, corporate charters of whole trains or of certain cars-same deal: We don't know.

There are no American passenger-train "experts." The corporate memory of American passenger-train management has been decimated-no-devastated-by time and mortality and by nearly a century of neglect on the part of our national policymakers. We will have to re-invent and rebuild those skills ourselves.

So the idea of picking winners and losers-like the idea of having a "Great Debate" and the idea that profitability is a reliable index of passenger-train success-is a myth. What does that suggest about the railroad infrastructure the Congress is now being called upon to build?

It suggests that this new infrastructure should not be configured for any one particular type of train-or for any particular region of the country.

Instead, we should follow the model used in building our highways, our airports and even our waterway improvements: Don't let the government pick the winners and losers. Just put a modern infrastructure out there and then rely on the ingenuity and greed of the American business community to find profitable uses for it.

Don't forget: We had this debate before when we tried to build highways.

When the "Good Roads" movement began back in the 1880s, it was the farmers who started the agitation. The road advocates in Congress all sang the same tune: "We have to get the American farmer out of the mud so he can get his crops to the local grain elevator and bring his supplies and mail-order merchandise back from the freight house." This was the period when so-called "farm-to-market" roads were the justification for a federal highway program.

Then the League of American Wheelmen got into the act and demanded hard-surfaced roads so they could ride bicycles from town to town.

When cars were invented, the motoring lobby started agitating for roads. That got the farmers upset. Why waste precious federal tax dollars to pave roads for city folks with autos when the farmers need the roads more?- they asked.

The same issue cropped up again after World War I, when the motor truck became sufficiently reliable for manufacturers to start switching some of their freight shipments from rail to road.

After the truckers spent several frustrating years making nine-day trips from Chicago to New York over dirt roads, they began agitating for hard-surfaced highways to connect major cities.

But the critics wailed that trucking freight over long distances was a utopian fantasy that could never justify itself economically. Long-distance freight shipping, they said, was a "natural" job for the railroads and government should not interfere with nature.

The same debate broke out in the 1930s when Congress rejected a proposal for an \$8-billion national highway program. The critics charged that only rich people owned cars capable of driving long distances between cities, so Congress should not waste federal funds on what they called "extravagant speedways for the luxurious few."

I think you can see where I'm going with this. We're not ready to say which kinds of trains will work and which won't. We don't know what the "natural market" for passenger trains is, and we won't know until we get some experience running them. We have to start building projects that will enable us to run more trains of all types-including the high-speed freight trains that shippers like UPS and FedEx are demanding-and to run them faster, more frequently, more closely spaced, more safely-and run them grade-separated from conflicting rail routes and from the motor- vehicle system.

When I hear critics say, "Well, the federal government may have a role in financing improvements for high-speed trains that to carry business travelers in urban corridors, but it has no business promoting long-distance leisure travel for a tiny minority of well heeled tourists,"

I have to ask, "Oh, really? Then why do the Army Engineers use taxpayer funds to build breakwaters and to dredge channels for cruise ships that dock at Miami and Ft. Lauderdale and Palm Beach and New Orleans, and why does the U.S. Coast Guard protect those harbors, and why does Customs & Immigration Service have an army of inspectors at every pier?"

And anyway, who says long-distance train travel consists only of so-called leisure travel? The pace may be leisurely compared with air travel, but when I spent my days putting people on the Zephyr and the Empire Builder and the City of New Orleans at Chicago Union Station, they didn't look much like cruise-ship passengers to me.

The people I put on those trains were college students traveling between home and school, people visiting their families, people relocating to new jobs or checking out an out-of-town job opportunity, professional groups heading to a conference, foreign visitors who wanted to see the U.S. close up and meet Americans en route, and retirees-most of them not particularly wealthy-who wanted a relaxing and informative travel experience. I think those are activities worthy of federal infrastructure support. They already get federal infrastructure support when they're carried out on the highway, airway and waterway systems. Why not on rail as well?

And you know what? If a so-called tiny minority of well heeled tourists wants to ride a passenger train, I say, "Welcome aboard!" Cruise-ship travel started out as an upper-class fringe phenomenon in the 1960s, but thanks to the billions of dollars the federal government handed out to local communities to improve their deepwater ports, the cost of cruise-ship travel came down, new entrepreneurs entered the business, and what was formerly considered a luxury for a slender stratum of super-rich individuals has now turned into a virtual entitlement for middle-class America.

I can't prove it, but I strongly suspect that a firm federal commitment to rail infrastructure also will change the demographics of rail travel, creating new markets, opening up new travel and leisure choices for millions of Americans who today know nothing of rail travel, attracting train-riding overseas visitors who find our current mobility options puzzling and inconvenient, and opening up new entrepreneurial opportunities that the bureaucratic mind with its picking-winners-and-losers mentality simply is not configured to imagine.

I hope I have demolished the Three Myths today. I hope everyone will now accept the idea that profitability is of no more importance in a passenger-train environment than in an air or highway environment, that we need no further debate about funding a national passenger rail system, and that government bureaucrats cannot handicap the system's winners and losers.

I've had fun demolishing those myths, and I hope you've had fun watching me demolish them. But remember, we don't demolish for the fun of hearing things go smash. We demolish to clear the ground for the new structure that will be built on the site of the old.

The time to start building our new national passenger rail system has arrived. It's a job that will require all of our efforts. I look forward to joining with you in that grand project, and I thank you for giving me the opportunity to say a few words about it.

12/14/2001

<http://www.usatoday.com/news/washdc/dec01/2001-12-14-amtrak.htm>

Panel weighs alternatives to Amtrak

WASHINGTON (AP) — A panel began work Friday on a new blueprint for America's passenger rail system that would take much or all of Amtrak's authority and divide it among states or private companies.

While differing on many details, most members of the Amtrak Reform Council endorsed decentralizing intercity passenger rail, which for 30 years has been

run solely by Amtrak. They weighed nine alternatives, all of which would introduce some form of competition from private companies or regional authorities.

Most of the 10 members present — Transportation Secretary Norman Y. Mineta was the only one absent — supported letting states or private companies take responsibility for populous train corridors that are thought to have the best chance of profitability.

But they disagreed on the thornier issue of long-distance overnight trains, which generally are regarded as money-losers.

Wendell Cox, a transportation consultant, said long-distance trains are used primarily for "vacations and leisure, not transportation" and therefore should not be subsidized by the government.

James Coston, managing partner of a Chicago law firm, disagreed.

"Long-distance passenger trains indeed serve leisure markets," he said, "but they provide essential transportation through parts of our country that are underserved" by buses and planes.

The council appeared to dismiss the most drastic option under consideration — turning over rail service to the private sector and letting unprofitable routes die.

There was even less enthusiasm for any system resembling the status quo.

"One of the most important things we can do is subject the current Amtrak monopoly to competition," said Paul Weyrich, president of the Free Congress Foundation.

Council officials said the nine scenarios were only a starting point and that the final recommendation could contain pieces of several of them.

Milwaukee Mayor John Norquist presented several ideas of his own. Among them: Airports should be allowed to use federal funds to build rail stations and connections that could replace short aviation routes.

After several hours of discussion, the council instructed its staff to winnow the nine alternatives to three. Council Chairman Gil Carmichael said the panel will discuss those next month and submit a plan to Congress by Feb. 7.

Carmichael said the goal of the plans is to improve passenger rail, not kill it. He said blame for Amtrak's financial problems rests with "an unmanageable organizational structure that was woefully underfunded."

Norquist said the council "has some really positive ideas to support passenger rail, to rejuvenate it, to create a situation where it can face the market and be successful."

Amtrak posted a cash loss of \$405 million in the first eight months of this year and has consumed more than \$24 billion in subsidies — both operating and capital — since its inception in 1971.

Congress created the council in 1997 to oversee Amtrak and gave the railroad until Dec. 2, 2002, to begin operating without federal subsidies. A majority of council members concluded last month that Amtrak will not achieve that goal.

The council's vote also meant that Amtrak had to come up with a plan for its own liquidation — essentially a list of its assets and liabilities. The Senate has adopted a measure that would excuse Amtrak from that task, however.

Organized labor's representative on the council, Charles Money Penny, tried to derail the discussion of restructuring options even before it began.

Money Penny, a staunch defender of Amtrak, argued that the council violated its authority in holding last month's vote. About 20 union members, representing about five of the 13 unions that work for Amtrak, attended the meeting to support Money Penny's position.

The council defeated Money Penny's motion to rescind its finding, however.

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