

Bush's Plan to 'Kill Amtrak' Meets Bipartisan Opposition

by Mary Jane Freeman

President Bush's 2006 budget proposes to zero out of existence the national passenger rail system, Amtrak. His scheme to sell off a part of America's most vital infrastructure, cheap, is incompetent economics at best, suicidal at worst. Fortunately, the proposal quickly ran into bipartisan opposition, as U.S. Senator Patty Murray (D-Wash.) fired off a letter to Transportation Secretary Norman Mineta, demanding answers on Bush's plan "to push Amtrak into bankruptcy," with his "no subsidies" budget for the national railroad.

"Zero money means zero trains," Amtrak spokesman Marc Magliari said. Bush's proposal "would mean curtains for inter-city passenger rail," declared Ross Capon, executive director of National Association of Railroad Passengers. Sen. John Kerry (D-Mass.) rebuked the proposal as "incomprehensible," adding that such a move is "backwards" since we should focus on building high-speed rail systems to support industry and create jobs. In fact, Bush's budget also zeros out the Federal Railroad Administration's Next Generation High-Speed Rail Program, which got a measly \$31 million in 2005.

Besides Senator Murray's demand letter, Senators Frank Lautenberg (D-N.J.) and Conrad Burns (R-Mont.), backed by 35 other Senators including seven GOPers, asked the Senate Budget Committee to reject Bush's proposal and fully fund Amtrak. A "bankruptcy shutdown of all Amtrak services" would "leave millions of riders and thousands of communities without access to essential . . . transportation." they wrote.

Democrat James Oberstar of Minnesota blasted Bush's "shocking" move. "Having failed to persuade Congress to pass legislation to destroy Amtrak . . . now [the White House] proposes to accomplish this result by the back door." Economic chaos would result, leaving Amtrak's 20,000 employees jobless, severely impacting local economies, and bankrupting the railroad retirement system and its unemployment account, he warned. Without Amtrak's infrastructure, disruption of commuter services across the nation would result, said Oberstar, who is the ranking Democrat on the House Transportation and Infrastructure Committee, and has fought for Amtrak since 1997.

Mineta Stumps for Bankruptcy

Bush and Mineta argue that "restructuring" and "greater efficiencies," using a forced bankruptcy of Amtrak, is the only solution. In its place, Mineta—now on the road "selling" the

plan—told a North Carolina crowd, "[We] will re-introduce" a Passenger Rail Investment Reform Act, to set up a 50-50 Federal match for state investments in (private) passenger rail companies. In other words, the states must pay if they want to have rail service at all. Said Mineta, "You ought to be free to choose who will run the trains." States, awash in budget deficits, can hardly assume these new costs. But Mineta is adamant, "If there is no local share, then we do not contribute." The *Pittsburgh Post-Gazette's* retort to Mineta: "The secretary might just as well [call] on states to share the cost of Bradley Fighting Vehicles for the war in Iraq."

Mineta claimed the Administration is "not trying to kill Amtrak," merely to bankrupt it, and noted that the Bush budget provides \$360 million to the Surface Transportation Board (STB) to maintain existing commuter operations after an Amtrak bankruptcy. But Oberstar shredded this fig-leaf, saying that an Amtrak shutdown would disrupt commuter operations across the country. In the Northeast Corridor alone, the independent SEPTA Philadelphia and New Jersey transit "require the use of Amtrak infrastructure. . . . They also require the continuation of Amtrak's dispatching system." The STB, he notes, "has no experience managing passenger rail operations," nor is it clear if the Board's power to operate could be preserved in a bankruptcy context. Moreover, "the Board has informed Congress . . . that the STB and the Federal Rail Administration cannot envision any realistic scenario that would allow them to direct commuter service for more than 60 days.' "

Buttressing Mineta's roadshow, the Amtrak Board of Directors' annual financial report failed to provide Congress its estimate for the subsidy needs of the railroad, as it is obligated to do under law. Instead, it praised the President's budget with some qualifiers, and proffered that it would send estimates at a later date. Senators Murray and Daniel Inouye (D-Hi.) berated the five Board members, all appointed by Bush, charging that they had "undermined Congress's ability to assess Amtrak's needs." As fiduciaries responsible for the well-being of Amtrak, they have the duty to "responsibly and independently work to improve and sustain a safe and efficient passenger railroad—not to dutifully line up behind the reckless policies of the President that appointed them," the Senators reminded them.

In her letter-demand to Mineta, Senator Murray, the top

Democrat and past chair of the Senate Transportation Appropriations Subcommittee, quoted page 243 of Bush's budget: "With no subsidies, Amtrak would quickly enter bankruptcy" leading to "elimination of inefficient operations and the reorganization of the railroad through bankruptcy procedures." She asks, how can the "needs of over 25 million Amtrak riders nationwide" be protected if the railroad is "run by a bankruptcy trustee . . . whose statutory responsibility is to the railroad's creditors?"

The Senator put eight hard-hitting questions to Mineta, asking what plans the Administration has to deal with Amtrak's shutdown in bankruptcy. Noting that Amtrak's long-term debt is \$3.8 billion, of which \$1.3 billion is held by foreign entities in Germany, France, Japan, and Canada, Murray wondered, "Have you alerted these entities, or their parent governments," of the Administration's intention to "put repayment of these debts under the control of a bankruptcy trustee?" She adds, "Amtrak's debt is collateralized," with "the consortium of lenders led by Credit Lyonnais, as their agent," and in the event of a default, valuable historical assets, such as Penn Station in New York City could be repossessed.

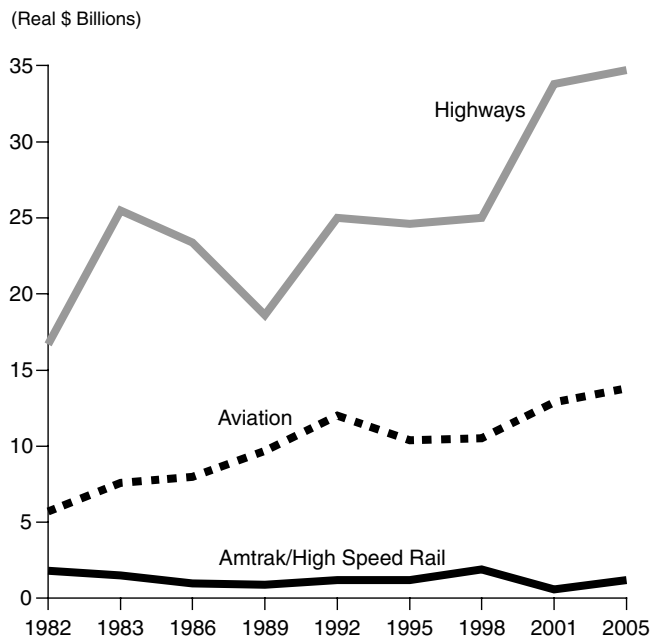
Budget Battle—What's at Stake?

Amtrak was established in 1970 by Congress and began operation in 1971. It services more than 500 stations in 46 states. Forced to manage on a shoestring budget since 1971, and even more so after then-Speaker of the House Newt Gingrich's conservative revolutionaries targetted it for takedown in 1997, Amtrak sought a meager \$1.8 billion for Fiscal Year 2006. But Bush, looking for loot to cover his trade and budget deficits, seeks to axe Amtrak's funding as demanded by the bankers' faction, led by George Shultz. Privatizing Amtrak, like dismantling Social Security, also suits these conservative revolutionaries' hatred for the General Welfare role of the Federal government.

Amtrak has been under siege and targetted for extinction since the free-enterprise-inspired 1997 Amtrak Reform and Accountability Act required that it reach "operational self-sufficiency," with minimal Federal funding, by December 2002. Otherwise, it was to be "restructured and rationalized." But self-sufficiency, an concept antithetical to a national rail system, was an impossible goal. Amtrak inherited the wreckage of the looted, bankrupt private Penn Central rail system. Federal funding was always at breakeven or below, precluding needed capital investment in track and trains. By 1982, Federal aid for rail reached \$1.7 billion, surpassed only twice since. In seven years of the 23-year span shown in **Figure 1**, rail funding went below \$1 billion. This puny level is in sharp contrast to funding levels for both highways and aviation. Highways aid more than doubled from \$16.7 billion in 1982 to \$34.7 billion in 2005, as did aviation funds, going from \$5.7 billion to \$13.7 billion in the same period.

Lack of sufficient funding to ensure a national passenger rail system has led to vast areas of the United States being deprived of rail service. Compare the 1981 and 2002 Amtrak

FIGURE 1
Passenger Rail Nearly Redlined, Highways Funding Soars: 1982-2005



Sources: National Association of Railroad Passengers, www.narprail.org; EIR.

maps (**Figures 2 and 3**). First, notice that you cannot travel north-south from farther west than Chicago, until you reach the West Coast. Otherwise, you see an increase in frequency of trips in the densely populated regions; e.g., routes on the East Coast and in the Midwest, such as Washington, D.C. to Raleigh, North Carolina, and Cleveland to Chicago; or on the West Coast, Seattle to Eugene, Oregon. But over the same time, entire routes and major cities lost service. The easterly route from Los Angeles up to Portland, Oregon is gone, leaving Nevada, Utah, and Idaho with no north-south service. The Washington, D.C.-to-Cincinnati northerly route was cut while the southerly route between these two cities became a less-than-daily route.

As minimal as the Amtrak system is now, forced bankruptcy and shutdown of it will leave the nation with sporadic enclaves of city-to-city routes within states, but few, if any, between states. The Bush-Mineta plan is a death warrant for the nation's passenger rail system.

Rail Is Critical to Economy

From coast to coast, opposition mounts. "Any industrialized nation has good public rail transportation, and the United States should be no different," Mayor Larry Bonderud of Shelby, Montana, told the media. Amtrak service is "critical" to his area, with over 28,000 riders last year, he said. Illinois Gov. Rod Blagojevich told Bush in a letter, "Eliminating

FIGURE 2



FIGURE 3



[Amtrak’s] operating budget would be a major blow to the families [in] rural America.”

A recent *Detroit News* article, “Budget Cuts May Doom Michigan Amtrak Routes,” reported that more than 600,000 passengers used the Michigan Amtrak routes last year and a map shows nearly three-quarters of the states’ land area would

lose rail service. Bush’s budget would end interstate service to Louisiana, leaving 180,000 Amtrak users in the state without service. California’s 9.3 million riders, as well as the economic activity built around the stations up and down the coast, will be devastated. Much of the state’s passenger rail is state-supported, but it depends on Amtrak for engineers, conductors, etc., and for train and track maintenance.

Bankruptcy is not an option. The economic significance of the nation’s freight and passenger rail system was a key focus of Lyndon LaRouche’s campaign for the 2004 Democratic Presidential nomination. As early as September 2002, LaRouche’s platform called for a national infrastructure rebuilding effort, starting with rail. “We have to restore a true, interconnected, transcontinental rail system. . . . If we have a continued breakdown of the rail system, away from the idea of a transcontinental, interconnected system; if you have an accompanying crisis in air travel; then the United States ceases to be an integrated nation. . . . It is no longer a unified, efficient national economy. . . . Air travel and rail represent aspects of the transportation sector of basic economic infrastructure, which is largely government funded, controlled, and regulated.”

At the core of debate is whether the radical free-trade privatizers, or the American system of Alexander Hamilton, which President Abraham Lincoln adhered to as he launched the building of our transcontinental railway system, will dictate economic policy. If Congressional opposition is serious, rather than debating dollars and cents, it will initiate a fully funded national rail program, with an eye to the future of high-speed rail and maglev trains.