

This train's not bound to break even

By Charles D. Chieppo

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Last winter I swore off writing about Amtrak, and I meant it. But then former Governor and vice chairman of the Amtrak Board of Directors Mike Dukakis made the rounds of local editorial boards claiming that the publicly subsidized railroad would meet its congressionally imposed mandate to achieve operational self-sufficiency by the end of 2002.

Now don't get me wrong, Governor Dukakis has every right to lobby whomever he pleases on Amtrak's behalf. Unlike other supporters, he has not attempted to get out from under the self-sufficiency deadline and has even given it credit for improving Amtrak's competitiveness.

In testimony before the Senate Commerce Committee last fall, U.S. Department of Transportation Inspector General and longtime Amtrak supporter Kenneth Mead said it was very unlikely the publicly subsidized railroad would meet its goal. Ever the optimist, Dukakis brushed off Mead's comments at a small meeting in December, assuring the group that a new day had dawned at Amtrak and that operational self-sufficiency was on the horizon.

This March, when the Second Annual Report of the Amtrak Reform Council — another group not exactly noted for its opposition to the railroad — laid out five restructuring options based on the assumption that Amtrak would not meet the deadline, I thought that even the most vehement supporters had buried the dream.

Thus my amazement last month upon reading Dukakis' claim that Amtrak would meet the deadline. Barely a week after his comments, Amtrak President George Warrington, though still clinging to the claim that Amtrak would make it, admitted it would do so only thanks to leeway in the way the government allows the company to calculate its costs.

The fact is that Amtrak lost \$943 million in FY 2000, the biggest deficit in its 30-year history and \$100 million behind its Strategic Business Plan.

And it's only going to get worse. FY 2000 was the last in which Amtrak had access to a full year's worth of capital funds provided under the \$2.2 billion "tax refund" it received in 1997 — even though the company has never turned a profit or paid any federal income taxes. How can I get aboard *that* train?

Why should we care? First, a bill is pending in Congress that would give Amtrak another \$30 billion over the next 20 years. This is in addition to the \$24 billion in subsidies it has consumed since its inception in 1971.

Closer to home, the MBTA is just a year away from once again opening the operation of its commuter rail to competitive bids. You may remember that the T began the same process a couple of years ago by breaking the service into four pieces.

Amtrak's bid on the first and smallest piece, train cleaning and maintenance, was the most expensive and received the lowest quality rating. But the Authority's selection of the bidder that would have provided the highest quality service at a savings of \$116 million over five years unleashed a firestorm of special-interest politics that resulted in the MBTA sticking with Amtrak to avoid losing its federal funding.

The Federal Transit Authority mandates competitive bidding, but recent Labor Department policies make it virtually impossible to take the contract away from Amtrak. Hopefully the Labor Department will change its policy under the new administration and end this charade, which is playing out in other cities around the country. But as long as Amtrak remains desperate, it will continue to lean on its political allies to support a corrupt status quo.

Amtrak supporters point to the funding gap between highways and railroads, and they are right. Rail has an important role to play in the nation's transportation system, but that role is mostly limited to short, high-speed corridors such as Boston to New York or Los Angeles to San Diego.

As long as rail service is provided by a public monopoly, it will continue to be subject to Oregon Senator Ron Wyden's demands for trains meandering through the sparsely populated eastern portion of his state, or Trent Lott's push for service to cities and towns throughout Mississippi.

Let us invest more in this country's rail infrastructure. But, as with virtually every other mode of transportation, let private companies compete to provide the service. Only then can we be assured of a rail system that responds to our nation's real transportation needs.

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