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The Failure of Amtrak Reform **by Gregory Bresiger**

End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains by Joseph Vranich (American Enterprise Institute, 2004); 264 pages.

With Amtrak officials' recent threats to shut down unless Congress increases its subsidy and with the Acela fiasco, was there ever a more relevant book than *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains*, by Joseph Vranich?

Yet *End of the Line* is no best-seller. Maybe that's because it also seems to be an ignored book. Given Vranich's thesis — Amtrak is hopeless and should be broken up — one would think that reviewers pro and con would be all over this book.

The author is well qualified to give us the right book at the right time. He is an expert in high-speed rail transportation. He also happens to be a former Amtrak supporter who helped create this mess, which began back in 1970. That's when President Richard Nixon — a Keynesian president who ran huge deficits and today is sometimes praised by Ralph Nader — couldn't resist the temptation to have his minions play with a giant set of Lionel trains. This was the group that accomplished what generations of American socialists couldn't do — they nationalized America's passenger trains.

The U.S. Transportation Department took over a group of overregulated private railroads that were bankrupt. The department wrote of Amtrak, "It is expected that the corporation would experience financial losses for about three years and then become a self-sustaining enterprise."

No, the above statement wasn't a joke. Or maybe — given Amtrak's 35 years of massive red ink — the joke is on all of us who pay taxes. Still, Vranich documents the loony prediction that Amtrak would break even by 1973.

Break even? Now my midriff is aching from my violent guffaws.

In 35 years, Amtrak — despite dozens of promises like this — has come nowhere near to breaking even. Several times a credulous Congress has been told that Amtrak would no longer need subsidies in a few years. These promises have all the credibility of treaties the federal

government made with the Indians in the 19th century. Indeed, Anthony Haswell, a founder of Amtrak, today says, “I feel personally embarrassed over what I helped to create.”

But the idiotic promises of government officials didn’t stop with the Department of Transportation. Arthur Lewis, one of Amtrak’s leaders in 1971, actually thought the government railroad was aiming too low. He told the *New York Times*, “You’re going to see the greatest turnaround in history.”

At one point, Vranich believed that the Amtrak turnaround could happen. But, much to his credit, he does something few people readily do: he admits error.

“Having second thoughts about one’s conviction is a growth experience,” he writes. Jurist Learned Hand said, “The spirit of liberty is a spirit that’s not too sure it’s right.” Vranich concedes that he helped “perpetuate a discredited transportation concept. I offer a mea culpa to American travelers, commuters and taxpayers.”

By the end of the book, Vranich calls for the breakup of Amtrak. He also calls for “franchising,” using private-sector companies to take over various functions of the government operation, something that is happening in many parts of the world.

“Why are these privatization programs so popular throughout the world?” the author asks. “The answer is simple: They save money.”

This kind of controversial commentary should be the center of endless debate in the pages of major publications that seemingly have ugly stories on Amtrak every day. Indeed, Acela’s and Amtrak’s woes were the subject of an extensive exposé on the front page of a recent Sunday *New York Times*.

Alas, about a year after its publication, I’ve seen nothing on the fascinating *End of the Line* in either the *New York Times* — probably the most important book review publication in America — or the *Wall Street Journal*. Strangely, it is the *Journal* that correctly labeled Amtrak “one of the worst-run businesses in the country” and the “Enron of American transportation.” So why aren’t their book reviewers burning to review this work?

Vranich, it seems to me, is to government enterprise what Bernard Goldberg, author of *Bias*, is to mass media. Could it be that Amtrak’s supporters in the mass media are doing their best to kill this book with apathy?

Possibly there is silence about this book because Joseph Vranich — with facts and figures galore — comes down squarely on the side of those who have classified Amtrak as “the Enron” of transportation.

Even if you already were suspicious of our government railroad, this excellent book will surprise you with its extensive documentation. Included are the sleazy details of how Amtrak cadged a bogus federal tax refund. It also has the remarkable story of how Amtrak has mortgaged Penn Station.

Still, if you believe in Amtrak and the continuance of a government railroad, this book should definitely interest you. It will test the limits of your faith in government to run any enterprise. I dare any Amtrak supporter to read this book and go through some or all of the footnotes.

The author has made a convincing case that Amtrak leaders have no idea what they're doing. And who does Vranich call to the witness stand? He often quotes public-sector officials such as state transportation authorities and even former Amtrak officials.

The Acela fiasco

Take the Acela train. Here was a much-heralded, expensive project. Amtrak would ride it all the way to the terra incognita of all government enterprise: profitability. Acela, said one former Amtrak official, was going to "be the envy of all transportation providers," an amazing miscalculation.

Actually, that envy comment would be a great gag line except for one fact: Amtrak spent billions of dollars on Acela, a train that didn't meet American safety standards, and the people who are paying for this gross negligence are the U.S. taxpayers, 99 percent of whom seem to have little use for passenger trains.

But Acela, a service that was five years late in beginning, was a fraud from its inception. You can't have high-speed service unless you have dedicated tracks. Yet Acela trains were always slated to share tracks with much-slower-moving trains. Consequently, Acela's optimum speeds — already much lower than high-speed trains in other parts of the world — are able to attain their advertised "high speeds" only in a small part of the journey through the Northeast Corridor. However, passengers riding these problem trains pay premium prices.

The Acela trains themselves have had many technical woes — such as undercarriage problems — that put them out of service. The problems began when Amtrak decided to buy the trains from a Canadian manufacturer, a controversial decision. Amtrak, which frequently made changes in the Acela design, was sued by the manufacturer, a lawsuit that was later settled, although Amtrak was saddled with trains that were not working properly.

Someone should sue Amtrak for the blundering way it has spent billions of dollars of taxpayer money on the Acela nightmare. An Ohio state transportation official, who had defended Amtrak for some 30 years, says that Acela is "Amtrak-ese for fiasco." The successor of the Amtrak president who bought the Acela trains said that "he would never order another Acela express."

Amtrak continues to run up deficits — \$25 billion over the past 30 years. Acela is just one more example of government enterprises that always go wrong.

Amtrak's counterparts at the state level, local and private railroads, are often no fans of this misbegotten entity. Officials of these lines, which often share tracks with Amtrak, are sick of dealing with their opposite numbers at Amtrak. That's because, as the national railroad goes

through its frequent crises, it arrogantly threatens to shut down the entire rail system of our nation if Congress doesn't cave in again and again, giving it still more taxpayer money. That's even though so few of us ride Amtrak.

Disclosure: I am a train buff. I rode Acela about two years ago to Washington for a business trip. Although I found it a smooth ride, the frequent stops — scheduled and unscheduled — were annoying. The train arrived in Washington some 90 minutes late. I was glad my employer was paying the bill.

Collectivizing failure

But, of course, now I'm wrong. We're all paying the bill for this awful system. Moreover, the continuance of Amtrak every additional week, day, or hour is an affront to a society that is supposed to be based on private property, free enterprise, and limited government.

Oftentimes the government taxes and regulates the private sector to death. Housing in New York City, for example, will never achieve its potential until the city's ridiculous rent regulations are abolished.

Seeing a weak sector of the economy, a government says it "reluctantly" takes something over. So we are given the incompetent government of the city of New York as one of the major landlords in the city. And so we are given President Nixon's creation of Amtrak in 1970. This was a kind of backdoor socialism, what some would call "a socialism without doctrines." This is a collectivism in which no one mentions Marx, but the life of the private-property owner is usually a miserable one.

This kind of quiet collectivism exerts greater and greater control over the economy. If it is not stopped, we will see increasingly larger parts of the economy under government control.

Yet the nation contains no large socialist party registering big votes. It is an anomaly that every liberty-loving American should notice.

Backdoor socialism is even popular with some socialists. As a young leftist I remember the frustrations of Michael Harrington, a prominent American socialist, whose book *The Other America* was credited with influencing the Lyndon Johnson administration to expand the welfare state through the Great Society programs of the 1960s. (This was a set of programs, by the way, that supposedly conservative Richard Nixon didn't attempt to dismantle when he became president in 1969. In some cases, he expanded programs such as Social Security and affirmative action. Again, here we see the plaudits of Nader for Nixon.)

Harrington understood history and the effectiveness of the Fabian movement in England in the early 20th century, a movement that helped turned the Liberal Party, once the party of free trade and peace, into an adjunct of the Labor Party. Harrington must have understood how effective back-door socialism could be in a country that generally turned its back on socialism.

The American Socialist Party suffered defeat after defeat, so Harrington advocated that young socialists break away from the Socialist Party. He argued that they should attach themselves to the left wing of the Democratic Party, forming a group called Social Democrats USA.

Given Amtrak's continued survival despite its incredible incompetence, its massive red ink, and the self-proclaimed laissez-faire Republican administrations that logically should have proposed selling off Amtrak, Vranich's litany of failure proves that backdoor socialism is working.

Americans who support all manner of such government enterprises or who are indifferent to their continued survival should understand the road they're on. How far do they want to continue down this road to larger and larger government control of the economy?

Let Vranich's excellent book be the starting point for a great debate.

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This article was published in the November 2005 edition of *Freedom Daily*.