

British-Style Privatization Would Worsen Amtrak's Wreck; Options Emerge

by Marcia Merry Baker

The Feb. 7 restructuring proposal released for Amtrak, the national U.S. passenger rail system, by the Amtrak Reform Council, recommends that private companies be allowed to pick over the remains of Amtrak, which is losing billions in the current economic crisis, and is close to closing down. Thus, the nation's air-travel and rail-travel systems are under severe threat at the same time. The "restructuring" calls for exactly what was done in Britain's Thatcherite rail privatization in the late 1980s, which brought U.K. railroads to the stage of a generally recognized, complete breakdown today.

In 1997, Congress created the Amtrak Reform Council, at the time that lawmakers, and the public, were on an ideological free-markets crusade. They mandated that the Council support Amtrak for five years, after which, by the end of 2002, the system should be operationally self-sufficient. This mandate was decreed outside the realm of the economic collapse process, and other realities, and has now fallen flat.

On Feb. 1, George Warrington, President of Amtrak, announced that unless Congress commits to giving at least \$1.2 billion to keep the national passenger system going, Amtrak will have to cease *all* operations as of Sept. 30. Warrington announced, in any case, the layoff of 300 managers and 700 union rail workers, and a 23% cutback in capital improvements. At 73% of stations, hours will be cut back.

Amtrak, whose official name is the National Railroad Passenger Service, was formed in 1971, amalgamating several former railroads. It now operates over 22,000 route-miles, serving more than 500 stations in 46 states. It operates 343 locomotives (278 diesel, and 65 electric), and some 2,188 rail cars. Amtrak owns three heavy maintenance facilities (two in Delaware, and one in Indiana), numerous other shops, 18 tunnels (consisting of 26.5 miles of track) and 1,165 bridges (61 miles of track).

If Congress, in fiscal year 2003, which begins in July, merely matches this fiscal year's \$521 million appropriation, most of the system's long-distance routes will still have to be shut down, except for those in the Northeast, and some California passenger service which gets state subsidies.

Thus, the national rail system crisis is terminal, which is occurring at exactly the same point when the U.S. commercial air-travel sector is sinking toward bankruptcy. Even the remaining national bus lines operate only under the most precarious financial conditions.

Scavenger RR

The Reform Council's proposals for "saving" the U.S. passenger system are directly modelled on the British 1980s privatization, which recently ended in a dramatic rail collapse in the United Kingdom. Ironically, the call is now heard throughout the United Kingdom, for emergency *re-nationalization* of the rail system, at the very same time that the Amtrak Reform Council calls for privatization.

The Reform Council's idea is that the Amtrak tracks and infrastructure (bridges, tunnels, buildings, etc.) would revert to the Federal government for upkeep. The Feds, in turn, would sell off "the cream"—passenger train operations and services—to chosen bidders, to be run privately.

Among those reported to be in the bidding pool already are Connex, a subsidiary of the Canadian Bronfman firm Vivendi Universal; GB Railways Group; Stagecoach Group, a Scottish railway company; and Railway Service Corp., a Delaware-based firm.

The review process in Congress was scheduled to start with a Feb. 14 hearing in the House Transportation and Infrastructure Committee, and continue with late-February hearings in the Senate.

But a bipartisan, "pro-rail infrastructure" line-up in Congress has existed all along, backing the goal of maintaining—even expanding—Amtrak and a continental rail system. Similarly, on the state and local level, in government, industry and agriculture. Sen. Harry Reid (D-Nev.), the Senate Whip, gave speeches in August, saying that there must be a "Marshall Plan for Renewal" of U.S. infrastructure, which includes railroads.

However, these circles have not exerted leadership, particularly after the Sept. 11 attacks. On the Democratic side, Reid and Sen. Harry Byrd (D-W.Va.), called for some \$15-20 billion in spending on infrastructure for "preparedness," saying a collateral benefit would be jobs. But no concerted effort has been made. When the steel workers staged a "Tent City" protest in Washington, in December, against the closing of the integrated mills of bankrupt steel giant LTV, the obvious issue of steel for construction of high-speed and magnetic-levitation rail, was not put forward.

The political and economic reality is, that only the tried-and-true kinds of "American System" approaches will work to provide basic utilities and services—from energy, to transportation, to health care. Under conditions of financial and



Amtrak's entire 22,000 miles of rail, stock, and infrastructure faces shut-down in the Fall, unless Congress passes acts for rail recovery.

economic breakdown crises, these are the only “practical” recourses.

In rail, specifically, that means a Federal initiative for upgrading key lines, *expanding* services, including long-distance, and building new, priority lines, such as the north-south route from Alaska through Canada’s Yukon Territories, and down into the “Lower 48” states. Like the FDR projects in the 1930s, the Federal contracts can go to private firms, such as engineering and construction, which will get the job done. In turn, this would create positive multiplier effects throughout the economy.

Many local rail projects, once considered only as regional “pet” priorities, should now be brought to the fore, and incorporated into coherent anti-depression, long-overdue economic development projects for the continent.

The northern “missing link,” through the Yukon Territories, to connect Alaska, with the Canadian Provinces and southward, is one of the most important examples. The unpopulated state of the northern territories (there are only 30,000 residents in the Yukon) exactly illustrates the point. A new rail-based corridor through the vast region, provides the infrastructure for new centers of economic activity and population, and at the same time, preserves and upgrades the ecology with modern technology.

Another example of what should be debated, is the newly announced “Trans-Texas Corridor” plan (see below).

LaRouche ‘Land-Bridge’ Approach

Lyndon LaRouche’s 2004 Presidential campaign is mobilizing to make known the reality of the “Eurasian Land-Bridge” of rail corridor projects now under way, and what this approach—connecting Rotterdam to Vladivostok or Lianyungang—could mean for the Americas. As shown in LaRouche movement organizing in town meetings, Internet exchanges, webcasts with the candidate, and so on, the potential for exciting constituency support is very great, for proceeding with a Land-Bridge railroad-building drive in North America.

In one Amtrak scenario, instead of the government selling off looting rights to passenger services, while the government foots the bill for maintaining track and equipment, private companies could indeed take over certain main grids in a *re-regulated* environment. This would mean a return to the type of regulated rail system earlier in place in the United States for decades, in which routes, fares, infrastructure maintenance and renewal, and safety standards must be met, and a decent rate of profit, rather than piratical, factored in for the private railroad companies. This was the traditional U.S. system of the Penn Central, the Chesapeake & Ohio, and Acheson, Topeka & Santa Fe, among all the other legendary names.

Or, Amtrak could be the designated national corporation. As it is, Amtrak leases almost all of the 22,000 route-miles it operates, from the freight railroads. Outright, Amtrak owns only the 730 miles of track in the high-speed Boston-to-Washington corridor.

What Is ‘Profitable’?

Seattle-based rail expert Hal Cooper, who is actively promoting the maximum Land-Bridge approach to the rail crisis, commented on Feb. 2 on Amtrak President Warrington’s threat to shut down U.S. passenger service (see interview): “There is a need for more money with Amtrak, and I understand the cutbacks are for the long-distance trains. Unfortunately, Amtrak’s management has greatly contributed to the problem that we have. Frankly, they’ve been cooking the books. They’ve been showing the long-distance trains [as] the big money losers, when in fact, they are the really profitable ones in the system.

“If every one of the those long-distance routes across the country—both north-south, and east-west—were run at two trains per day frequency or more, in each direction, [you] would be basically at breakeven, or you would be making a profit.

“I think that there needs to be an entirely new management approach and philosophy. . . . I think what’s ultimately behind this is the efforts of the economic interests of oil, automobiles, highways, airlines, and mall real estate, to make sure there is no viable rail alternative—as it has always been in this country since after World War II.

“The states, unfortunately, have been put in the posture

... to do this on their own.”

On Jan. 28, Texas Gov. Rick Perry unveiled his state transportation plan, the “Trans-Texas Corridor,” calling for some 4,000 route-miles of rail and highway to be built, based on state funding authority. The map shown of this very ambitious undertaking, projected over two generations, is the “conceptual” sketch from the Texas Department of Transportation. Perry speaks in terms of \$175 billion in public and private money, over 50 years.

Trans-Texas Corridor

As described in his press release, “The corridors will [each] consist of six highway vehicle lanes—three in each direction—and six rail lines—three in each direction. One rail line will be dedicated to high-speed commuter rail, one to high-speed freight rail and one dedicated to short-haul regional rail, which could serve as the backbone of a local commuter railsystem serving all Texans.” The rail is to be built at the same time as the roads. There will be built-in easements for oil, natural gas, electric and telecommunications lines, even water lines and lift stations.

Funding? The Trans-Texas outlines four funding mechanisms, and authorizes the Department of Transportation to make public/private partnerships. To begin with, “Toll Equity” is intended to “jump start” construction, by attracting seed money to invest in future toll revenue. In addition, the “Texas Mobility Fund,” recently enacted, is seen as a framework for the State Transportation Department “to dedicate general revenue funds to bond construction of some projects.”

Politics and the North American Free Trade Agreement (NAFTA) are heavy co-factors in the release of the Trans-Texas Plan. Perry is making his first electoral bid for governor in this year’s mid-term elections, after being appointed to fill out George Bush’s term. Texas is geographically the natural corridor for NAFTA’s “free trade” routes, and its rail, highway and water infrastructure—which were already inadequate as of 1990—have deteriorated drastically since NAFTA suddenly intensified truck traffic and other flows.

Interview: Hal Cooper

‘Transport Corridors Are The Right Approach’

After Texas Gov. Rick Perry’s announcement that Texas would begin building the Trans-Texas Corridor, EIR interviewed transportation consultant Hal Cooper.

Cooper: I understand Governor Perry’s proposal is for

\$174 billion [over 50 years] for 4,000 miles of transportation corridors. This is the first proposal of any kind that begins to approach the LaRouche policy for transportation corridor development, and integrated economic development. . . . It will provide a good start. I think that the idea that we can have railroads, and roads, and utility corridors and pipelines and so forth, all in the same corridors, is exactly the right approach. And Governor Perry’s proposal is basically that.

I understand the first corridor would be from Laredo to Dallas. That, of course, would be for passengers, and also for taking trucks off the road. It would seem to me that that particular approach is absolutely essential, when you’re dealing with the question of the truck traffic. There has been a whole lot of discussion about the safety features of Mexican trucks. . . . The answer is, the trucks that are coming to and from Mexico, shouldn’t be going on the road! They should be going on the train. And then, we have American drivers drive them in the United States, and Mexican drivers drive them in Mexico. And I have never heard any discussion, or any proposals to do that by any political leader. Including by our Sen. Patty Murray, here in the State of Washington, who is the one who led the fight against the Mexican trucks.

EIR: How does the “Trans-Texas” fit in with your view of linking North and South America for real development, not NAFTA schemes?

Cooper: I see Texas as like the hub of a wheel, if you are looking only in a north-south, and east-west direction. Excluding Mexico, for the moment.

First of all, is the Central North American Corridor—up to North Dakota, from Texas. This is, of course, going from Eagle Pass, all the way up to North Dakota, on the Great Plains. That is something that provides the most direct route between Alaska and Central America, if you are looking at an intercontinental system, for rail.

Now in addition to that, Governor Perry’s proposal of the Interstate 35 Corridor, from Laredo up to Dallas, should be extended all the way up to Duluth, Minnesota. . . .

In addition to that, we need the corridor from Houston to Los Angeles, of course, going east to New Orleans. And one going to Chicago. All these things are like spokes of a wheel. I think this is what Governor Perry’s proposal begins to address.

But the problem is, the railroads are not factoring in the passenger transportation, or—to the extent that they need to—the intermodal freight, and especially the movement of trucks off the roads, onto the trains. That needs to be done. . . . We need to get off this “Point A to Point B,” where we don’t serve any of the intermediate cities, because we juggle the economics so that “it doesn’t work,” when it fact, it really should. And all those intermediate communities need to be served, because then, things could work in a viable way between road and rail. Otherwise, they can’t. This has