

these projections is not only the relatively rosy economic picture that they are based on, but also the claims made for the tax proposals included in the budget plan. These include the proposal to eliminate the tax on stock dividend income and the acceleration of the tax cuts passed in 2001. These tax policy changes are supposed to create the economic growth that will produce the tax revenue growth that is projected in the budget.

However, these projections completely ignore the ongoing collapse of the U.S. economy, as indicated by the bankruptcy of almost all of the 50 states, the collapse of the airline and railroad industries, the collapse of health care, and the skyrocketing trade deficit, among other things. It is likely, therefore, that the Federal tax revenues, in a mirror image of what is happening to the states, will continue to decline, and

that the deficit for 2003 will be much larger than is currently forecast. In any case, Bush's tax proposals are facing a tough time on Capitol Hill. Even some Republicans, such as Senate Finance Committee Chairman Charles Grassley (Iowa), are questioning whether they can be passed in their proposed form. House Ways and Means Committee Chairman Bill Thomas (R-Calif.) reportedly told Treasury Secretary John Snow that even he does not know how the tax cut plan is supposed to work. Republicans are reportedly concerned that, with the dubious revenue projections and soaring deficits, President Bush is overreaching by pushing for even larger tax cuts than he originally said.

Rather than proposing a true alternative policy, the Democrats have preferred to blast the Republicans for the ballooning deficits. Kent Conrad (D-N.D.), the ranking member on

A Cut To Dismantle Amtrak

The Fiscal Year 2004 budget presented by President Bush on Feb. 3 proposes to give the nation's only national railroad, Amtrak, another push toward its dismantlement. Amtrak, which handles 90% of the country's remaining intercity rail service, could lose as many as 18 more of its existing long-distance routes. It has already shrunk dramatically since 1980. The \$710 million proposed Amtrak assistance is, again, some \$500 million short of what the carrier needs to remain whole, at a time when airline service is contracting rapidly due to bankruptcies, and the *Columbia* tragedy is another reminder of what shrinking budgets eventually do to transport infrastructure.

In the *Transportation* section of the budget, under the heading, "Reordering Intercity Passenger Rail Service," the Office of Management and Budget (OMB) attacks Amtrak for not having achieved financial "self-sufficiency." Such self-sufficiency would be virtually impossible, as Amtrak was created by Congress in 1971, to direct the wreckage of the old bankrupt Penn Central, including the looted rolling stock and rails. Amtrak needed a large infusion of funds to make capital improvements, which was never provided.

In 1997, the Gingrichite Conservative Revolutionaries passed the "Amtrak Reform and Accountability Act," whose Amtrak Reform Council was co-chaired by Paul Weyrich, the radical free marketeer, co-founder of the Carlist anti-Catholic Christendom College in Front Royal, Virginia. The Council's report stipulated that either Amtrak would reach financial self-sufficiency by September 2002, or government financing of Amtrak would be cut to

force privatization sell-off of all but the profitable Northeast Corridor and a few other routes. The Fiscal 2004 budget copies, *verbatim*, the major demands of the Amtrak Reform Council:

- "Create a system driven by sound economics."
- "Require that Amtrak transition to a pure operating company"—that is, sell its capital equipment.
- "Introduce competition to provide higher quality rail service at reasonable prices"; that is, privatize the long-distance routes and shut down the majority that would be considered to be "unprofitable."

The President's budget submission alleges that "one of the reasons behind Amtrak's fiscal difficulties is its continued operation of several routes that regularly lose hundreds of dollars each time a passenger steps aboard." It lists some: the Sunset Limited, Los Angeles to Orlando; the Pennsylvanian, Philadelphia to Chicago; the Texas Eagle, San Antonio to Chicago; the Three Rivers, New York to Chicago; the Southwest Chief, Chicago to Los Angeles; and the Kentucky Cardinal, Louisville, Kentucky to Chicago.

"For several of these trains, it would literally be cheaper for Amtrak to buy each passenger a plane ticket to the next destination," the budget suggests, with a doubtless unintended irony given the cascading bankruptcy of the nation's major airlines. The Administration otherwise calls on the states, whose budgets are all melting down, to pay for the routes.

The Transportation Department's budget section also states that "Amtrak reform can wait no longer."

Amtrak has warned it will shut down unless it receives \$1.2 billion in government funding this fiscal year. "Maintaining a national network of trains is a Federal responsibility," countered Amtrak spokesman Dan Stessel.