



## RAILROAD GIANT FACES THREAT OF EXTINCTION

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*Are trains important? That's the question Congress and America's biggest train company, Amtrak, are trying to answer, now that the railroad giant is facing possible financial ruin.*

With 425 diesel and electric locomotives, over 2,000 passenger cars and access to a 22,000-mile network of railroad lines, Amtrak -- America, Travel and Track -- is the nation's number one railroad passenger service. But equipment trouble and a fight over who should pay to keep the railroad giant running is threatening to put the 34-year-old corporation out of service.

Congress first created Amtrak, formerly known as the National Railroad Passenger Corporation, in 1971 after private railroad companies complained that carrying passengers was taking away from the more profitable business of carrying freight or cargo -- manufactured goods like food and textiles. At the time, the government required these private companies to carry passengers as a national service.

Amtrak was given access to the rail lines used by freight companies and in May 1971 made its first trip from New York's Penn Station to Boston, still one of its most popular and profitable routes.

Today, Amtrak serves about 23 million passengers a year. Its major routes include the Northeast Corridor with service for mostly business people between Washington, D.C.'s Union Station and Boston's South Station; the Southwest route between Orlando and Los Angeles; the Midwest route from Chicago to Oklahoma; and routes along the northern border of the United States.

The most popular service, the high speed Acela, is a 150-mile-an-hour train that shuttles passengers from New York to D.C. in under three hours. However, a discovery in April 2005 during a routine check of Acela trains revealed cracks in the trains' brake systems. The discovery forced Amtrak to pull all Acela trains off the track, forcing thousands of commuters to find other means of travel.

### **A government program**

Such difficulties and huge financial strains to the tune of a \$600 million loss in 2004 and a total debt of \$4 billion, have led to a dispute between Amtrak officials and President Bush.

Because Amtrak was created by Congress, board members are appointed by the president like other government officials and must receive Senate confirmation. Congress also gives the company about \$1 billion a year.

But in his latest budget, President Bush set aside only \$360 million to help the rail line maintain its Northeast service, a small percentage of the \$1.9 billion Amtrak President David Gunn says the company needs to stay in service.

### **Arguments for and against funding the rail line**

President Bush's proposal has been criticized by some members of the Senate, who compare Amtrak to the nation's highway system. That network of roads receives government funding to operate. In addition, Congress gave the commercial airline industry funding after the attacks of Sept. 11, 2001 threatened to bankrupt it.

"If we don't have well-funded proposals for highways, and for airways and for railways and ports and harbors, we're not going to be able to grow economically," said Senator Trent Lott, a Republican from Mississippi who heads the Senate subcommittee on commerce.

Other Republicans point to a mandate in 1998 that required Amtrak to become self sufficient and not rely on the government for money within five years.

"I may be alone in the opinion that spending \$200 per person in subsidy for a train ride is excessive," said Republican Senator John Sununu of New Hampshire. "I may be alone in thinking that \$500 million operating losses in perpetuity to operate 12 or 14 or 15 routes ... is unacceptable. But I don't think it's a very good use of taxpayers' money."

Amtrak leadership says no passenger rail service can sustain itself because fares paid by passengers are not enough to maintain tracks, trains and stations -- or to provide safe service to customers.

### **Amtrak's future**

Experts say the problem is the way Amtrak was originally set up.

"Amtrak has two basic problems," said Tom Till, who headed a government panel charged with assessing Amtrak's future. "The first one is that it doesn't work very well, and the second one is that as it's structured it can't be funded.

"If you want a recipe for creating something that doesn't work, I think the thing you have to do is create a government-owned monopoly and hotwire it to the Congress, and that's what Amtrak has been for all of its 30 years," he added

Till, like President Bush, suggests contracting the train service out to private companies.

As Congress debates its fate, the troubled Amtrak is fighting to stay on course. On Tuesday, the company sent e-mails to its customers apologizing for the halted Acela service and promising better service in the future.

-- *Compiled by Kristina Nwazota for NewsHour Extra*

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