

## **Railroading the public**

### ***More crony capitalism at work in Bush's Amtrak plan***

The Bush administration and Amtrak recently reached a financial deal to allow the passenger train service to continue operating. But looming over that agreement is the administration's proposal to eliminate rail passenger service in many parts of the country and turn over federal funds used for rail passenger service to private contractors—contractors who happen to be campaign contributors, and who hope to cherry-pick the most profitable routes.

Amtrak does not make a profit. Nor does any other rail passenger system in the world. Public transportation infrastructure relies on public support—the Federal Highway Administration, for instance, gets \$28 billion to \$31 billion in subsidies.

What Amtrak does do is allow hundreds of thousands of commuters and other rail passengers to get to work without cramming the roadways with hundreds of thousands of cars. Amtrak is a vital piece of the nation's mass transport system. Deterioration of that system means dirtier air, increased fuel consumption and longer commutes. The administration's flirtation with privatized rail service does not account for higher energy costs, increased use of fuel and more pollution. Drilling for oil in Alaska's pristine wilderness is a Bush administration priority. Encouraging efficient mass transportation isn't.

The administration's Amtrak proposal resembles other Bush agenda items, particularly energy policy, in that it appears to be heavily influenced by generous campaign contributions made by corporate cronies close to the administration. Though professing to champion free enterprise, privatization's advocates, if they get their way, would essentially be the beneficiaries of government subsidies to run rail passenger service where it's profitable, and discontinue service where it isn't.

### **The privatization scam**

In 1995, Ray Chambers, a lobbyist on rail issues for decades who had long championed the money-making opportunities in rail passenger service, published a proposal advocating the privatization of Amtrak.<sup>1</sup> The Chambers plan was issued by the Discovery Institute, an industry-funded right-wing think tank in the Pacific Northwest. Chambers, who has Republican ties dating back to his days in the Nixon administration, suggested privatizing passenger rail service, separating the infrastructure of the Northeast corridor from Amtrak's control, increasing states' contributions to the cost of service, and

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<sup>1</sup> "Can Privatization Put Passenger Rail Back on Track?" Ray Chambers, Discovery Institute, August, 1995.

creating a new federal agency to oversee various aspects of the plan. A number of Chambers' clients stood to benefit financially if his plan were ever adopted.<sup>2</sup>

Other conservative organizations, including the Cato Institute and the Reason Public Policy Institute, have also called for privatizing Amtrak. But little attention has been paid to such voices. Congress is clearly supportive of Amtrak and rail passenger service, and privatization advocates knew they couldn't simply kill Amtrak.

They did manage, however, to insert a provision in Amtrak legislation in the mid-1990's to create an Amtrak Reform Council, commonly known as the ARC. The Council was given the authority to recommend to Congress what should happen to Amtrak in the event Amtrak couldn't become self-sufficient.

The Republican-controlled Congress of the mid-1990's immediately stacked the ARC with people who wanted to see Amtrak go away. Joe Vranich, who had written a book (*Derailed*) and several articles calling for the end of funding for Amtrak, was appointed to the Amtrak Reform Council. Wendell Cox, who the *Dallas Observer* exposed as a paid spokesman for the highway lobby, and who has written numerous anti-Amtrak screeds, was another appointee.<sup>3</sup> The chairman of the ARC, Gil Carmichael, was at the time of his appointment, incredibly enough, a business competitor of Amtrak's. Another appointee was Bruce Chapman, president of the Discovery Institute—one of the organizations publicly calling for Amtrak's demise.

Not surprisingly, when the Amtrak Reform Council unveiled its restructuring plan last February, it was a blueprint to kill Amtrak and turn money-losing rail passenger service and infrastructure over to private businesses.<sup>4</sup> It was in many respects a mirror image of the recommendations made by the anti-Amtrak Discovery Institute in 1995.

The ARC plan didn't resonate publicly until recently. For more than a year the Bush administration had been told by members of Congress that they had to find a funding solution for Amtrak. Suddenly, when it became clear that Amtrak's underfunding was serious and they were going to shut down service, the administration jumped into gear and came up with a plan.

In June, the administration called for eliminating federal funds for Amtrak, farming intercity routes out to private companies and divesting the carrier from ownership of stations and tracks.<sup>5</sup>

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<sup>2</sup> Transport Worker Union of America, "A TWU Special Report: Amtrak Reform Council Majority Bamboozled," May 2002 [www.twu.org](http://www.twu.org)

<sup>3</sup> "Highwaymen: San Antonio conservatives and a professional road warrior try to hijack a DART rail election," *Dallas Observer*, July 20, 2000.

<sup>4</sup> Amtrak Reform Council report to Congress, "An Action Plan for the Restructuring and Rationalization of the National Intercity Rail Passenger System," February 2002.

<sup>5</sup> "White House seeks rail overhaul," *Boston Globe*, June 22, 2002.

Bush had adopted ARC's plan, which is to say he had adopted the privatization schemes touted by conservative anti-Amtrak activists and railroad industry lobbyists. The point wasn't lost on one of the advocates of privatization: The Discovery Institute heralded the administration's plan with a self-congratulatory article on its website entitled, 'Bush Administration's Amtrak Plan Tracks Discovery Institute's.' The article's first sentence is "We're pleased to say we told you so."<sup>6</sup>

### **It helps to come from the right side of the tracks**

The Bush administration is effectively proposing to disembowel a vital public transportation system, a system that eases congestion on some of the nation's most crowded roadways and saves the nation from importing countless barrels of imported oil, on the advice of industry lobbyists. While that has sadly come to be perceived, with good reason, as business as usual at the Bush-Cheney administration, it's worth noting that corporate influence in Washington doesn't come cheap. And it helps to have connections.

According to the Center for Responsive Politics,<sup>7</sup> ARC members Gil Carmichael and Chris Gleason are both Bush campaign contributors. Carmichael's former business partners, Herzog Contracting, also paid to play. The Herzogs are key members of the National Rail Construction and Maintenance Association (NRCMA), a major client of Ray Chambers, the Discovery Institute staffer who wrote the organization's 1995 blueprint for privatization. The Herzogs have been good friends to George W. Bush and the Republican Party. Six members of the Herzog family each donated \$1,000 to the Bush campaign on the same September day in 1999. Herzog Contracting also gave \$60,000 in soft money to the Republican National Committee. Herzog also holds a seat on the Associated General Contractors Executive Committee, which gave over \$800,000 in the last election cycle, 92% of it to Republicans. The CEO of Norfolk Southern Railroad, another Chambers client, gave a \$1,000 personal contribution to the Bush campaign.

In fact, the nation's freight railroads, some of whom stand to benefit if passenger rail is taken off their freight lines, have contributed over a half-million dollars to the Republican National Committee this year alone. One of the largest freights, Union Pacific, gave over three-quarters of a million dollars to the GOP in the last election cycle, and contributed \$250,000 so far this year alone. Vice President Cheney, a former member of the Union Pacific Board of Directors, is no doubt appreciative of his former company's generosity.

That sort of money obviously speaks volumes in Washington. But if the Bush/industry/right-wing think tank plan becomes a reality, the result will be a disaster

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<sup>6</sup> [www.discovery.org](http://www.discovery.org). That article has since been replaced with one that appears to distance the ARC report from the Discovery Institute's: "The Department of Transportation's proposals, and those of the ARC, were the product of much research and a number of minds over a long period of time. But we are proud that so many of the insights in this 1995 paper are similar to those reached by others independently."

<sup>7</sup> [www.opensecrets.org](http://www.opensecrets.org).

for rail passenger service, for safety, for transportation generally, for the environment and for energy policy. The winners will be the Bush-Cheney cronies who will take the money from the government, complain that they must reduce or eliminate routes to make a profit, demand more money from the government, and continue to take the money until it is clear that there is no rail passenger service left.

Great Britain provides an excellent example. As a result of "privatization" of rail passenger service, service has deteriorated, hundreds have died in accidents caused by lack of maintenance and safety, and the state of rail passenger service is a national scandal and a political nightmare. There are now so many contractors, sub-contractors, and sub-sub-contractors performing rail-related service in Great Britain that the government agencies charged with monitoring safety simply can't keep up.

It is so very painfully clear to the public right now that corporations and their leading executives will rush to cut corners, cook books and do whatever else possible to enrich a mere handful of powerful tycoons. Rail passenger service is just that—a service. It should be run efficiently and safely for the good of the communities it serves. But it is, in the final analysis, a vital public service, and as such should not be held to a naked standard of profitability and then, for failing to attain an unrealistic goal, thrown to corporate cannibals hungry for public subsidies and willing to put profits before people. Amtrak needs to be protected and strengthened, not gutted.