Privatizing Amtrak

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Overview

The National Railroad Passenger Corporation, or Amtrak, is the federal organization that operates passenger rail service in the United States. It was created by the Rail Passenger Service Act of 1970. Amtrak is structured as a corporation, but its board members are appointed by the president of the United States and virtually all its stock is owned by the federal government.[1] Amtrak has about 19,000 employees, and its annual revenues were $2.4 billion in 2009.[2]

Amtrak has been providing second-rate train service for almost four decades, while consuming almost $40 billion in federal subsidies. The system has never earned a profit and most of its routes lose money. Amtrak's on-time record is very poor, and the system as a whole only accounts for 0.1 percent of America's passenger travel.[3] Another problem is that Amtrak's infrastructure is in bad shape. Most of the blame for Amtrak's woes should be pinned on Congress, which insists on supporting an extensive, nationwide system of passenger rail that doesn't make economic sense.

The solution is to privatize and deregulate passenger rail. Varying degrees of private involvement in passenger rail have been pursued abroad, such as in Australia, Britain, Germany, Japan, and New Zealand. Privatization would allow Amtrak greater flexibility in its finances, in capital investment, and in the operation of its services—free from costly meddling by Congress.

History

Private passenger rail service thrived in America between the mid-19th century and the early-20th century. By the 1950s, however, passenger rail was struggling because the rise of automobiles and airlines cut deeply into rail's market share. Railroad companies began running huge losses. Automobiles and buses were generally less expensive and more convenient, and airlines were faster for long-haul routes. The Interstate Commerce Commission wrote in 1958 that the passenger train was destined to "take its place in the transportation museum along with the stagecoach, the side-wheeler and the steam locomotive."[4]

Decades of taxes and burdensome government regulations sped the demise of private passenger rail. Railway companies pay income taxes and substantial property taxes, costs that are not borne by government-owned highways. And during World War II, the federal government imposed a special 15 percent excise tax on train tickets, which was not repealed until 1962.[5]

The railroads were rapidly losing customers in the mid-20th century, but government regulators created hurdles to letting them shed services as quickly as demand was falling. Most state governments imposed regulatory restrictions on the discontinuance of train routes. And beginning in 1958, Congress handed the ICC nationwide power to restrict the discontinuance of train routes.[6] Attempts by the railroads to eliminate unprofitable passenger routes were met with political resistance in Congress.

The ICC's micromanagement of the railroads was damaging. It took the ICC a decade to approve the merger of the struggling Pennsylvania and New York Central railroads into the ill-fated Penn Central.[7] By the 1960s, the railroads' crucial freight operations were losing ground to trucks and needed to adjust their shipping rates in order to remain competitive. However, the ICC insisted on maintaining a suffocating regulatory rate structure, which reduced the ability of the railroads to adapt to market conditions.[8]

The railroads were also burdened with unionized workforces, which raised labor costs and reduced the management flexibility of companies to respond to the rapidly changing marketplace. For example, even though the job of stoking the old steam engines had been eliminated, railroad unions fought for 35 years to keep firemen in diesel locomotives.[9]

After a number of major railroads, including Penn Central, went bankrupt in the 1960s, Congress and President Richard Nixon stepped in to take unprofitable passenger rail off the hands of the struggling railroads by creating a new federal rail corporation, Amtrak. Pressure from passenger rail advocacy groups and labor unions also led to Amtrak's creation. The railroads leased their passenger trains to Amtrak, which later purchased the leased equipment outright.

Amtrak proponents claimed that housing all intercity passenger trains under one organization would be cost effective and would make trains competitive with automobiles and airplanes. Amtrak's first chairman, David W. Kendall, reflected this misplaced optimism:

> This new system can and will succeed because it unifies for the first time the operation and promotion of the nation's rail passenger service. Now, a single management can devote its energy exclusively to serving this passenger.[10]

Over the decades, many other government officials have expressed optimism about the future of the government-controlled Amtrak. In 1992, Amtrak president W. Graham Claytor Jr. said, "Amtrak continues to reduce its need for federal operating support and hopes to eliminate it altogether by the end of the decade."[11] His successor, Thomas Downs, claimed that Amtrak was "on a glide path to profitability."[12] In 1999 Amtrak president George D. Warrington boasted that Amtrak would "be the envy of all transportation providers."[13] More recently, Amtrak president Alexander Kummant told the *New York Times* that "the stars may be aligning" for a renaissance in passenger rail.[14]

However, Amtrak's stars have not aligned, and some experts who supported Amtrak have changed their views over the years. Anthony Haswell, who in 1967 founded the National Association of Railroad Passengers and is referred to as the "father" of Amtrak, later said, "I feel personally embarrassed over what I helped to create."[15] Joseph Vranich, a former Amtrak spokesman and rail expert, also came to recognize that it was a mistake:

> Amtrak is a massive failure because it's wedded to a failed paradigm. It runs trains that serve political purposes as opposed to being responsive to the marketplace. America needs passenger trains in selected areas, but it doesn't need Amtrak's antiquated route system, poor service and unreasonable operating deficits.[16]

Amtrak has lost money every year of its existence, and it has consumed almost $40 billion in federal operating and capital subsidies. During the 2000s, Amtrak averaged annual losses in excess of $1 billion. In 2010, Amtrak received $563 million in operating subsidies and $1 billion in capital and debt service grants. The American Recovery and Reinvestment Act of 2009 pumped an additional $1.3 billion in capital grants into Amtrak.

Amtrak is also eligible to apply for a share of the $8 billion in high-speed rail grants authorized by the stimulus bill, and an additional $2.5 billion appropriated by Congress for high-speed rail in 2010. Amtrak's board of directors recently approved the creation of a high-speed rail department in order to "maximize the opportunities available in the new intercity passenger rail environment."[17] High-speed rail is a bad idea on its own, and allowing Amtrak to be involved would likely compound the problem.

Some people argue that other forms of transportation are subsidized, so why not passenger rail? In 2004, the Department of Transportation published a report on the cost of federal subsidies for automobiles, buses, airplanes, transit, and passenger rail per thousand passenger miles.[18] The survey covered 1990 to 2002. In every year except one, passenger rail was the most subsidized mode of transportation. For example, in 2002 Amtrak subsidies per one thousand passenger miles were $210.31. By contrast, the subsidy for automobiles was -$1.79, which means that drivers more than supported themselves through federal fuel taxes.

The findings embarrassed Amtrak supporters in Congress, and as a result, the government stopped producing the report. Transportation experts Wendell Cox and Ronald Utt have updated the figures using the government's methodology and produced a similar result. They found that Amtrak subsidies per thousand passenger miles were $237.53 versus -$1.01 for automobiles in 2006.[19]

As it is currently structured, passenger rail is a cost-ineffective mode of transportation. As former senator Russell Long once said, why is the government trying to get people "to leave a taxpaying organization, the bus company, and ride on a tax-eating organization, Amtrak?"[20] Passenger rail might make economic sense on some corridors in the United States, but the only way to figure out which routes and services make sense is to let private enterprise take the lead in a deregulated marketplace, as discussed below.

Money-Losing Routes

Amtrak operates 44 routes on over 22,000 miles of track in 46 states, the District of Columbia, and three Canadian provinces. Amtrak owns the trains, but 97 percent of the track is owned by freight rail companies.

In a 1976 report, Amtrak projected that ridership would grow from 17.3 million in 1975 to 32.9 million by 1980.[21] Yet three decades later in 2009, Amtrak still carries only 27.2 million passengers a year. Ridership has been growing in recent years, but the 2009 level amounts to a less than a 1 percent share of the market for passenger travel in the United States.[22] Moreover, Amtrak's load factor (percentage of seats occupied) is below 50 percent, which compares to a typical 80-percent load factor on airlines.[23]

An independent analysis found that the average operational loss per passenger on all 44 of Amtrak's routes was $32 in 2008.[24] The only profitable line was the higher-speed Acela Express in the Northeast Corridor. However, the Northeast Corridor's Northeast Regional line, which has more than twice the number of riders as the Acela, lost money per passenger. The Sunset Limited, which runs from New Orleans to Los Angeles, lost an astounding $462 per passenger.

All of Amtrak's long-distance routes lose money. According to the Government Accountability Office, these routes account for 15 percent of riders but 80 percent of financial losses.[25] The long-distance trains exist largely for the benefit of rural populations, but the benefit is outweighed by infrequent or inconvenient service and a heavy cost to taxpayers.

There are only an estimated 350,000 rural people nationwide who depend solely on rail for public intercity travel. By comparison, intercity air and bus services provide the sole transportation option for 2.4 million and 14.4 million residents nationwide, respectively.[26] Whereas intercity air and bus services are available to a respective 89 and 71 percent of rural America, the figure for rail is only 42 percent.[27] The GAO says that "it appears that if rural transportation were a targeted public policy objective, other modes of transport could be better positioned to provide this benefit to a greater number of residents at lower cost."[28]

The demographic being served by these long-term routes does not demonstrate a strong need for taxpayer subsidies. Eighty percent of long-distance train riders use it for recreational and leisure trips, and riders tend to be retirees.[29] Premium services like sleeper and dining cars contribute to operating losses for long-distance trains. These amenities are heavily subsidized, which means taxpayers—and not the pleasure-seeking retirees—are incurring the burden.

Right from the beginning, members of Congress have been burdening Amtrak with money-losing routes. In mapping out Amtrak's first routes in 1971, Montana's senators ensured inclusion of a sparsely-populated route in their state, Indianapolis received three routes but Cleveland none because of the political pull of Indiana senators, and West Virginia grabbed an extra route courtesy of one of its senators.[30]

Politicians add unprofitable lines and they also prevent routes from being cut. In the late 1970s, Transportation Secretary Brock Adams proposed a major overhaul to cut unprofitable routes and reduce Amtrak's total mileage by 43 percent. Congress went along with a reduction of just 16 percent.[31]

Amtrak reform legislation in 1997 stipulated that its board be replaced with a "reform board" of directors.[32] The Clinton administration nominated, and the Senate confirmed, politicians that included the then-governor of Wisconsin, Tommy Thompson, and the mayor of Meridian, Mississippi, John Robert Smith. Mayor Smith tried to create a route that would have lost millions linking Atlanta and Dallas via Meridian. Governor Thompson succeeded in creating a route from Chicago to Janesville, Wisconsin. It was eventually discontinued after Thompson's departure from the board due to low ridership and financial losses.[33]

In 2001, Amtrak's deteriorating financial situation triggered a legal requirement that it develop a liquidation plan. Instead, then-senators Joe Biden (D-DE) and Ernest Hollings (D-SC) attached an amendment to a defense appropriations bill that prohibited Amtrak from spending funds to prepare the plan.[34]

It makes no sense to continue subsidizing money-losing routes, but Congress essentially demands that Amtrak keep wasting money by maintaining a national system of intercity rail. The result is that Amtrak's nationwide network looks much as it did almost 40 years ago, despite the fact the nation's population distribution and other factors have changed dramatically. The only way to solve these problems is full privatization to get the politicians out of the decisionmaking process for passenger rail.

Poor Service Quality

Aside from its money woes, Amtrak has long suffered from poor on-time performance, which is the share of trips in which trains arrive at the scheduled time. For the overall system, Amtrak's on-time performance has hovered below 70 percent in recent years. For long-distance routes, the on-time record falls to an abysmal 42 percent.

The Department of Transportation's inspector general found that only 4 of 13 long-distance routes regularly achieved an on-time performance of at least 60 percent in recent years.[35] Two lines, the Sunset Limited and the Coast Starlight were hardly ever on time.[36] When long-distance trains were late, 75 percent were more than an hour late, and 25 percent were more than three hours late.[37]

With a rail system plagued by late trains and endless operating losses, Amtrak's management has been subject to a constant stream of criticism, much of which is warranted. A comprehensive report by the GAO found serious deficiencies, including a lack of strategic planning, inefficient procurement policies and procedures, weak financial management, as well as insufficient accountability, transparency, and oversight.[38] Amtrak's inspector general recently acknowledged that "a number of its key information systems and the underlying technological infrastructure are outdated and increasingly prone to failure."[39]

Amtrak's management also has a reputation for painting an artificially rosy financial picture. An independent analysis of Amtrak's routes found substantially larger losses than reported by Amtrak.[40] The GAO says that Amtrak has "omitted or misallocated key expenses in several areas, substantially understating operating expenses in reports that managers use to assess performance."[41] When the GAO recommended that Amtrak report under SEC regulations, Amtrak responded that "it would not be cost effective."[42] Finally, a seven-year federal investigation found that Amtrak officials intentionally manipulated financial statements in 2001 to obscure the fact that the company was in dire financial shape.[43]

All that said, the ultimate blame for Amtrak's long record of red ink and poor performance lies with Congress. As a consequence of congressional mandates, Amtrak spends a huge amount of money maintaining money-losing routes at the expense of routes with heavier traffic like the Northeast Corridor. Corridors that do need more investment are starved because Amtrak is wasting money elsewhere.

Several years ago, the GAO estimated that Amtrak had $6 billion in deferred infrastructure maintenance.[44] Sixty percent of the deferred maintenance was attributable to the Northeast Corridor.[45] The deteriorating condition of Amtrak's infrastructure contributes to service delays, which drives away potential riders. It's a vicious cycle created by government ownership.

During the Carter, Reagan, Clinton, and George W. Bush administrations, Amtrak presidents threatened service cuts if they did not receive added funds to upgrade the company's infrastructure.[46] Congress has provided occasional infusions of extra capital funding, as it did in the 2009 economic stimulus bill, but that has only papered over the deep structural problems with the current passenger rail system.

Costly Workforce

Another problem that Amtrak management deals with is an expensive and inflexible workforce. Amtrak has about 19,000 employees, about 86 percent of whom are covered by collective bargaining.[47] Compensation represents almost half of Amtrak's total operating costs.[48] The average Amtrak employee earns more than $91,000 a year in wages and benefits.[49]

In 2008, Amtrak signed labor agreements with 13 unions that awarded pay increases retroactive from 2002 through 2008.[50] It's hard to square such pay increases in a company that operates in the red and can't fund needed maintenance. An Amtrak inspector general report found that even prior to the 2008 pay increases, "the average annual cost of an Amtrak infrastructure worker is 2.3 times that of the average European railroad infrastructure worker."[51] The GAO has found that expensive retiree benefits and protections under the federal injury compensation system raise Amtrak's costs compared to non-railroad industries.[52]

Besides raising compensation costs, Amtrak unions stand in the way of rail efficiency in other ways. Labor unions tend to protect poorly performing workers and push for larger staffing levels than required. Unions generally resist the introduction of new ways of doing things and create a more rule-laden and bureaucratic workplace.

As an example, if Amtrak wants to contract out some of its operations, it has to go through costly negotiations with the unions. Or if Amtrak wants to cut costs by closing a facility, terminated employees are entitled to receive separation benefits for up to five years. According to the GAO, when liquidation of Amtrak was being considered in 2001, employee claims for immediate separation benefits could have been as much as $3.2 billion.[53]

Privatization

The Department of Transportation's inspector general summed up Amtrak's situation:

> The current model for providing intercity passenger service continues to produce financial instability and poor service quality. Despite multiple efforts over the years to change Amtrak's structure and funding, we have a system that limps along, is never in a state-of-good-repair, awash in debt, and perpetually on the edge of collapse. In the end, Amtrak has been tasked to be all things to all people, but the model under which it operates leaves many unsatisfied.[54]

Amtrak's monopoly over intercity passenger rail travel leaves it with little incentive to provide high-quality and efficient service. The threat of potential budget cuts or elimination has been undermined by Washington's perpetual willingness to bail Amtrak out. At the same time, congressional micromanagement has prevented Amtrak from cutting routes and reducing other costs. Its unionized workforce reduces management's ability to run an efficient business.

The solution is to end federal subsidies, privatize Amtrak, and open up the passenger rail business to new entrants. Routes like the Northeast Corridor, which has the population density to support passenger rail, could probably be run profitably by a private firm. Money-losing routes, such as numerous rural routes, would likely disappear. But far more cost-effective modes of transportation, particularly bus systems, already exist to support those areas.

If Amtrak is privatized, passenger rail will be in a much better position to compete with resurgent intercity bus services. The rapid growth in bus services in recent years illustrates how private markets can solve our mobility needs if left reasonably unregulated and unsubsidized. A *Washington Post* reporter detailed her experiences with today's low-cost intercity buses: "This new species offers curbside pickup and drop-offs, cheap fares, clean restrooms, express service, online reservations, free WiFi and loyalty programs . . . The bus fares undercut Amtrak and, depending on the number of passengers, personal vehicles."[55]

Let's privatize and deregulate passenger rail to see if it can compete with bus services and other modes of transportation. After all, dozens of countries around the globe have enlisted the private sector in the operation of their national rail systems in the last couple of decades. Joseph Vranich counted 55 nations that had either turned to the private sector or devolved their rail systems to their regional governments.[56] Rail systems that utilize the private sector have generally provided better passenger service, increased ridership, and more efficient operations.[57] There have been reform missteps, such as in Britain, but U.S. policymakers can learn from those mistakes to chart a smoother course.[58]

The United States has its own positive experience with rail privatization—the privatization of freight railroads in the 1980s. When the Penn Central Railroad collapsed in 1970, it was the largest business failure in American history.[59] Six other railroads soon followed. In 1973 Congress established the Consolidated Rail Corporation (Conrail) to replace the seven private freight railroads. Conrail, which consumed $8 billion of federal subsidies, floundered until Congress finally provided regulatory relief in the early 1980s.[60] Deregulation allowed Conrail to become profitable and the company was sold to private shareholders in 1987 for $1.6 billion, which at the time was the largest initial public stock offering in U.S. history.[61]

Over the last two decades, U.S. freight railroads—operating in a deregulated environment—have been a dramatic success. Rail's share of total U.S. freight has increased substantially.[62] Passenger rail might also succeed if Congress ever lays aside its parochial concerns and puts America's passenger rail system back into the private sector.

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[1] Amtrak, Annual Report, Fiscal Year 2009, p. 9. See the balance sheet and notes 1 and 5 of the financial statements. The federal government owns all the preferred stock, while the common stock represents just a tiny share of the capital structure.

[2] Amtrak, Annual Report, Fiscal Year 2009, p. 9.

[3] Randal O'Toole, *Gridlock: Why We're Stuck in Traffic and What to Do About It* (Washington: Cato Institute, 2009), p. 91.

[4] Brian Hansen, "Future of Amtrak," *CQ Researcher*, October 18, 2002, p. 851.

[5] Lydia Boyd and Lynn Pritcher, "Brief History of the U.S. Passenger Rail Industry," Duke University Library, Digital Collections, http://library.duke.edu/digitalcollections/adaccess/rails-history.html.

[6] George W. Hilton, *Amtrak: The National Railroad Passenger Corporation* (Washington: American Enterprise Institute, 1980), p. 6.

[7] P. Stone, "Future of American Railroads," *CQ Researcher*, March 10, 1978.

[8] Congressional Budget Office, "The Past and Future of U.S. Passenger Rail Service," September 2003, pp. 7-8.

[9] R.C. Deans, "Railroad Nationalization," *CQ Researcher*, June 20, 1973.

[10] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), p. 1.

[11] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), p. 18.

[12] Rush Loving, Jr., "Formula for Fixing Amtrak," *Trains*, March 2009.

[13] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), pp. 19–20.

[14] Matthew L. Wald and Don Phillips, "Surprising Forecast for Amtrak: Growth," *New York Times*, December 23, 2006.

[15] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), pp. 9–10.

[16] Brian Hansen, "Future of Amtrak," *CQ Researcher*, October 18, 2002, p. 845.

[17] Amtrak, "Amtrak Reorganizing to Advance High-Speed Rail in America," news release, March 22, 2010.

[18] U.S. Department of Transportation, Bureau of Transportation Statistics, "Federal Subsidies to Passenger Transportation," December 2004, p. 25.

[19] Wendell Cox and Ronald Utt, "Federal Transportation Programs Shortchange Motorists: Update of USDOT Study," Heritage Foundation, June 8, 2009, p. 3.

[20] Donald Lambro, *Fat City: How Washington Wastes Your Taxes* (South Bend, IN: Regnery/Gateway, 1980), p. 400.

[21] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), p. 21.

[22] Randal O'Toole, *Gridlock: Why We're Stuck in Traffic and What to Do About It* (Washington: Cato Institute, 2009), p. 91.

[23] See Ronald Utt, "H.R. 6003 Would Be the Costliest Bailout in Amtrak's 40 Years of Federal Subsidies," Heritage Foundation, June 9, 2008.

[24] Pew Charitable Trust, Subsidy Scope, http://subsidyscope.com/transportation/amtrak.

[25] Government Accountability Office, "Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures," GAO-07-15, November 2006, p. 4.

[26] Government Accountability Office, "Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures," GAO-07-15, November 2006, p. 27.

[27] Government Accountability Office, "Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures," GAO-07-15, November 2006, p. 27.

[28] Government Accountability Office, "Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures," GAO-07-15, November 2006, p. 27.

[29] Government Accountability Office, "Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures," GAO-07-15, November 2006, pp. 23-24.

[30] George W. Hilton, *Amtrak: The National Railroad Passenger Corporation* (Washington: American Enterprise Institute, 1980), pp. 19-20.

[31] George W. Hilton, *Amtrak: The National Railroad Passenger Corporation* (Washington: American Enterprise Institute, 1980), p. 30.

[32] This was the Amtrak Reform and Accountability Act of 1997, P.L.105–134.

[33] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), pp. 17–18.

[34] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), p. 30.

[35] U.S. Department of Transportation, Office of Inspector General, "Root Causes of Amtrak Train Delays," CR-2008-076, September 8, 2008, p. iii.

[36] U.S. Department of Transportation, Office of Inspector General, "Root Causes of Amtrak Train Delays," CR-2008-076, September 8, 2008, p. 1.

[37] U.S. Department of Transportation, Office of Inspector General, "Root Causes of Amtrak Train Delays," CR-2008-076, September 8, 2008, p. 2.

[38] See Government Accountability Office, "Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability," GAO-06-145, October 2005.

[39] Ted Alves, Amtrak Office of Inspector General, Testimony before the Senate Committee on Appropriations, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, "Opportunities and Challenges Facing Amtrak in FY 2011 and Beyond," April 29, 2010, p. 7.

[40] See Pew Charitable Trust, Subsidy Scope, http://subsidyscope.com/transportation/amtrak.

[41] See Government Accountability Office, "Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability," GAO-06-145, October 2005, Highlights.

[42] Government Accountability Office, "Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures," GAO-07-15, November 2006, p. 179.

[43] Jim McElhatton, "Amtrak Misled Congress on Finances," *Washington Times*, May 31, 2010.

[44] Government Accountability Office, "Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures," GAO-07-15, November 2006, p. 18.

[45] Government Accountability Office, "Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures," GAO-07-15, November 2006, p. 19.

[46] See Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), pp. 46–51.

[47] Amtrak, Office of Inspector General, "Semiannual Report to Congress: 4/01/09 to 9/30/09," p.8.

[48] In 2009, employee compensation was $1.7 billion out of total expenses of $3.5 billion. Amtrak, Annual Report, Fiscal Year 2009, p. 34.

[49] In 2009, total employee wages and benefits were $1.7 billion. The number of employees was 18,600.

[50] See Amtrak, Office of Inspector General, "Unbilled Reimbursable Retroactive Wages," Report Number: 207-2008, May 13, 2009.

[51] Amtrak, Office of Inspector General, "Comparison of Amtrak Infrastructure Labor Costs to European Railroad Averages," Evaluation Report E-09-01, March 24, 2009, p. 2.

[52] See Government Accountability Office, "Railroad Competitiveness: Federal Laws and Policies Affect Railroad Competitiveness," GAO/RCED-92-16, November 1991.

[53] Government Accountability Office, "Intercity Passenger Rail: Potential Financial Issues in the Event Amtrak Undergoes Liquidation," GAO-02-871, September 2002, p. 4.

[54] Mark R. Dayton, Department of Transportation, Office of Inspector General, before the Senate Committee on Appropriations, Subcommittee on Transportation, Treasury, the Judiciary, Housing, and Urban Development, and Related Agencies, "Intercity Passenger Rail and Amtrak," CC-2006-026, March 16, 2006, p. 3.

[55] Andrea Sachs, "Back on the Bus," *Washington Post*, August 30, 2009.

[56] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), pp. 139–40.

[57] See Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), pp. 195–202.

[58] See Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), pp. 143–53.

[59] P. Stone, "Future of American Railroads," *CQ Researcher*, March 10, 1978.

[60] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), p. 15.

[61] Joseph Vranich, *End of the Line: The Failure of Amtrak Reform and the Future of America's Passenger Trains* (Washington: AEI Press, 2004), pp. 157–58.

[62] Randal O'Toole, *Gridlock: Why We're Stuck in Traffic and What to Do About It* (Washington: Cato Institute, 2009), p. 20.

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