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At Washington, D.C.

NATIONAL ASSOCIATION
OF RAILROAD PASSENGERS

NEWS

Vol. 21, No. 8 August, 1987

National Association of Railroad Passengers News (ISSN 0739-3490), is published monthly except November by NARP, 236 Massachusetts Ave., NE, Suite 603, Washington, DC 20002. 202/546-1550. Membership dues are $15/year ($7.50 under 21 or over 65) of which $4 is for a subscription to NARP News. Second-class postage paid at Washington, DC.

Postmaster: send address changes to National Association of Railroad Passengers, 236 Massachusetts Ave., NE, Suite 603, Washington, DC 20002.

(This has news through August 31. No. 7 was mailed August 7.)

RETURN REQUESTED

NARP, Lautenberg Defend Amtrak

C. of C. TV Debate on Amtrak 'Privatization'

—Photo by U.S. Chamber of Commerce

Sen. Frank R. Lautenberg (D-NJ), left, and NARP Executive Director Ross Capon just before the July 17 taping of "It's Your Business," a television program which is broadcast weekly by about 150 U.S. stations.

"We need a balanced transportation network. The other avenues for travel are too busy, whether it's highways or aviation. We just can't afford to dump any more traffic on them."

—Sen. Frank R. Lautenberg (D-NJ), opening statement in C. of C.'s televised debate

By now even the U.S. Department of Transportation knows that the privatization of Amtrak means the end of the passenger train. As Transportation Sec. Elizabeth Dole told a House subcommittee 2½ years ago—on Apr. 23, 1985—the possibility of a private takeover "was one of the things we wanted to look at early on and I think, in the time that has intervened, we have had a chance, really, to focus on that. I don't think realistically that is likely to happen."

Nonetheless, the U.S. Chamber of Commerce's weekly TV show, "It's Your Business," carried July 25-26 by about 150 stations nationwide, focused on this question: "Does the privatization of Amtrak make sense?" Sen. Lautenberg and NARP Exec. Dir. Ross Capon defended Amtrak subsidies. The opposite view was taken by Chamber President Dr. Richard Lesher (a regular on the show), and Matthew Scocozza, Asst. DOT Sec. for Policy & International Affairs.

NARP does not oppose privatization for ideological reasons. Indeed, our members' views on non-transport topics range all across the political spectrum. We oppose privatization because, as Capon said in his opening remarks, "Selling Amtrak raises a false hope. It means the permanent shutdown of intercity [rail] passenger service, dumping thousands of people a day onto already overcrowded highways and airways."

The show provided no new evidence that privatization would preserve service. Scocozza opened by saying, "I believe privatization of Amtrak makes a lot of sense," but quickly retreated to comments about "looking at" privatization. He must have stunned veteran rail executives with his suggestion that, because of rail deregulation, "there's no reason to think why Amtrak, as a private sector corporation, couldn't be better."

Lesher said Amtrak has been "grossly mismanaged." Sco-

(continued on page 3)

TRAVELERS' ADVISORY

Dining car service was added to Oakland-Bakersfield "San Joaquin" Trains 708, 709 on June 15. Diner service is funded in part by State of California.

Hartford's Amtrak station has undergone a $19 million conversion into a multimodal transportation center, housing Amtrak trains, Greater Hartford Transit buses, Peter Pan intercity buses, taxis—as well as offices, restaurants. Greyhound intercity buses may move in, too. Dedication ceremony is Sep. 18. Project funding provided by federal, state governments, and private developer. Station, built in 1897, is located adjacent to Connecticut Capitol grounds.

Park Service guides riding Altoona-Johnstown segment of New York-Pittsburgh "Pennsylvanian" (June *News*), will continue through Oct. 24, but have switched from Fri. to Sat. trains. Through Sep. 27 guides are pro-

(continued on page 4)

To Survive, Rail Freight Needs More Change

Rail's market-share dropped from 37.5% of domestic intercity ton-miles in 1980 to an estimated 35.9% in 1986 while trucks rose from 22.3% to 25.5%, and air ("sparked by a very rapid growth of small-shipments traffic") rose from 4.8% to 7.1%. Average total compensation per full-time railroad employee in 1986 was $46,052, above even the $39,663 posted by air employees.

	1980-1985			1980-1986
	REVENUES	REVENUE PER TON-MILE	EMPLOYMENT	AVERAGE TOTAL COMPENSATION PER FULL-TIME EMPLOYEE
Air	+68%	+14%	+19.0%	+27%
Trucks	+32%	+27%	+8 .0%	+21%
Water carriers	+22%	+4%	+0.5%	+26%
Oil pipelines	+17%	+23%	−10.0%	+45%
Rail	+5%	+7%	−35.0%	+49%

[*Statistics derived from a summary in the July* Railway Age *of the latest* Transportation in America. *This 48-page statistical analysis of U.S. freight and passenger transportation is published every March (updating supplements in July and Oct.) by Transportation Policy Associates. Inquiries: Frank A. Smith at TPA, P.O. Box 33633, Washington, DC 20033 or phone 202/638-5244.*]

A July *Railway Age* column headed "Union leaders get the word—but will the rank and file?" quoted a union general chairman on Norfolk Southern after a briefing by rail officials: "I've seen some rough times, but I've never seen it as bad as it is now. I don't think the men are aware. . . . In a few years, we could go down the tubes like Penn Central."

This column also noted that "management faces a problem . . . the fact that union officers . . . have to stand for re-election. And the survival rate is not great for union officers who are perceived as . . . too willing to accept what management says. . . ."

It's also hard to convince workers that "the sky is falling" when the railroad's parent company is reporting record earnings (as with Norfolk Southern). Of course, those record earnings are not coming from the railroad itself, and a holding company is going to move out of marginal or losing businesses.

James M. Voytko, a Paine Webber rail analyst, notes "the persistent movement of stockholders' funds into nonrail business," citing "nonrail acquisitions by Burlington Northern, Union Pacific, CSX, Norfolk Southern and Chicago North Western." He calls such acquisitions "a clear indicator that rail managements and stockholders see relatively bleak prospects for new investment in the rail business." (Quotations are from his June 9 testimony before the Subcommittee on Surface Transportation of the Senate Committee on Commerce, Science and Transportation. For a copy, send us a self-addressed stamped envelope.)

Is there hope? Noel Perry, of CSX Corp.'s new all-mode intermodal unit, says: "Today, with conventional operations, railroads are primarily competing against each other in a small segment of the trucking industry. Now some railroads are getting serious about true truck competition.

"[Now] a train starts getting profitable at 75 to 100 cars, so we're working with production units of 75 while the competition is working with production units of one. This is a big disadvantage and limits our market to a small percentage of what it could be. From an engineering standpoint, two-car trains ought to be profitable. That's pretty extreme—but so is 100 cars. Practically speaking, the break-even point could be about 25 cars.

"Lowering the cost of labor is the most obvious thing, but . . . you also have to change management systems. For example, the typical railroad manager now is rewarded on his ability to lower his budget . . . [so] he tries to get as many cars per locomotive as possible. But we need fewer—not more—cars per train. Someone who triples his traffic, but doubles his budget in the process, isn't supported by the system." [*Traffic World*, Aug. 17]. (The whole interview is worth reading, as are the two following articles: "Rail intermodal challenged: You won't beat truckloaders" and a response, "Rails: Report Doesn't Show Reality." A "truckloader" is a trucking company specializing in full-truckload, and thus often rail-competitive, shipments.)

Based on threats to the survival of the rail freight industry, the NARP Board voted last April to oppose legislation promoted by "Consumers United for Rail Equity" (CURE) that would partially reregulate rail freight rates.

See also NARP News, *June 1986 issue, "Rail Freight Problems."* ■

COMMUTER AND TRANSIT NEWS

Sacramento's light rail system (Apr. *News*) will grow to 18 miles with the Sep. 5 opening of the 9-mile East Line between downtown and east-suburban Rancho Cordova. The opening is two months ahead of schedule due to earlier-than-expected trolley deliveries. Regional Transit's 9-mile Northeast Line opened Mar 12. The closest trolley stop to the Sacramento Amtrak station is at 8th & "K" Streets—about four blocks east.

Detroit's automated people mover system opened July 31. The 3-mile, single-track (cars operate in one direction) line loops through downtown and serves 13 stations. The $200 million project was completed two years behind schedule and $62 million over budget.

GOOD NEWS FOR AMTRAK? TRACKS NEEDED FOR FAST FREIGHTS!

The "great potential" for railroads to recapture traffic from trucks could be realized "by developing a network of fast, high service, short trains. There's a huge potential for lowering the cost and improving the service of intermodal transportation. You'll not only win over shippers, but you'll win over truckers. Truckers aren't in business to own trucks; they're in business to move things. . . .

"The logistics market is fragmenting . . . so service levels have to increase. Short and frequent trains are one prescription. . . .

"[Such services] so far [are] mostly experimental, an incremental approach of one train here and there . . . and it's running up against the rigidity of the system. . . . Railroaders tend to take a narrow, functional view of their jobs. As a result, there isn't much communication. Marketing people, for instance, don't work easily with operating people."

—Noel Perry of CSX, interviewed in Traffic World, *Aug. 17*

NARP, Lautenberg Defend Amtrak *(cont. from page 1)*

cozza, however, praised Amtrak Pres. W. Graham Claytor Jr. for doing "an excellent job in terms of pulling Amtrak out of a lot of problems it's had in the past," and credited Amtrak with reducing its subsidy "from $896 million [the FY '81 appropriation] to $600 million today." But he said the subsidy probably could not be cut further, and asked, "Are we going to commit ourselves to half a billion a year forever?"

If Scocozza thinks Amtrak is well managed yet couldn't take a further subsidy cut, why does he think a private operator could run without subsidy? "Every time Amtrak wants to make a change in their system, they have to go to 535 boards of directors and that's the U.S. Congress. . . . How can you run a business if everytime you want to do something you've got to get permission of Congress?"

ANYONE WANT TO BUY AMTRAK?

"We don't know with any assurance that no one would buy [Amtrak]. There is a chance there would be an investor out there. There may be somebody with a tremendous amount of vision. There may be a railroad car manufacturer who may feel that—"

—DOT's Scocozza

"DOT has been saying for three years that there may be somebody out there. Where are they?"

—NARP's Capon

We think Scocozza got it backwards, considering the improved labor contracts the appropriations committees virtually demanded two years ago and the revenue-to-cost ratio improvements for which Congress has pressed. True, some legislators have gotten involved (often unsuccessfully) in some marginal decisions, but the cost—if any—of this influence is insignificant.

While Scocozza is probably right to claim the Amtrak subsidy, in absolute dollars, can't be cut further, Amtrak's productivity (measured in passenger-miles produced per subsidy dollar) is improving and could improve even more rapidly with a modest increase in public support for capital investment—such as for badly needed new cars.

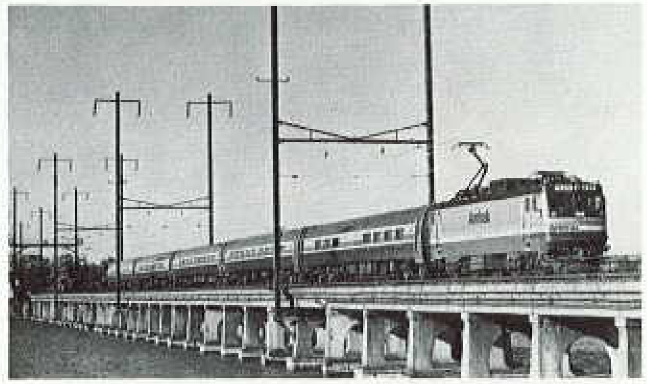
Scocozza also said "in Florida there's a very productive exercise going on with investors prepared to almost invest $2.5 or $3 billion in creating a high speed rail corridor. Why wouldn't those same kinds of investors be interested in taking over the Northeast Corridor and running the national system?"

Although he wisely chose the one example of a new U.S. "high-speed rail" system most likely to get built, relevance to saving Amtrak is minimal. Though the Florida High Speed Rail Transportation Commission has existed for five years, it won't award a franchise before 1991. This is a single line in a state with a unique talent for moving tourists and unique environmental reasons for encouraging development that promotes rail ridership. Even so, "most observers expect that the bullet train itself won't make a profit. The would-be franchisers expect to make money from development projects in conjunction with landowners along the rail route" (*Miami Herald*, July 5 news story).

Lesher is on every week. His role is to raise philosophical questions, not to demonstrate detailed knowledge of every topic. He did make some errors worth rebutting.

- "I understand that Amtrak spun off one line that wasn't making money, and private investors down there in Texas bought it up and now they're making money because they're

AMTRAK BUYS MORE LOCOMOTIVES



—*Photo by Amtrak*

Powerful AEM7 electric locomotive races an Amtrak train down the Boston-Washington Northeast Corridor. The AEM7 was produced jointly by ASEA of Sweden and General Motors' Electro-Motive Division of the U.S., and offers 7000 horsepower [A + EM + 7]. Amtrak has just ordered seven more AEM7s (two are to replace the two destroyed in the Chase, MD, accident). Amtrak has also ordered 11 more F40 diesel locomotives. As of late August, Amtrak has an active fleet of 200 F40 diesels and 45 AEM7 electrics.

TRAIN CREW TAKEOVERS—PHASE VI

On August 19, Amtrak assumed direct employment of train and engine personnel operating its trains on BN: Lincoln-Denver; on D&RGW: Denver-Salt Lake City; on AT&SF: La Junta-Needles; on SP: Sparks-Winnemucca; and on UP: Salt Lake City-Las Vegas, -Winnemucca, -Nampa. These crews were originally to have been taken over July 29 [we erroneously reported the date as May 27 in the May ***News*****].**

This was the sixth phase of Amtrak's program—begun in the spring of 1986—to assume operating crews outside the Northeast Corridor. (NEC crews were assumed in early 1983.) During the six phases, over 1730 employees transferred to Amtrak from Amtrak's landlord freight railroads. There remain today only three Amtrak route segments where operating crews are not on Amtrak's payroll: St. Louis-San Antonio ("Eagle"), Los Angeles-Houston ("Sunset Limited"), and Washington-Indianapolis ("Cardinal").

Noted Amtrak, "Completion [of Phase VI] gives the corporation direct control over all employees on the vast majority of its intercity trains for the first time in its 16-year history. It also makes Amtrak the first and only major U.S. railroad operating under totally revised, modern work rules." In addition, the move reduces trains' operating costs. *(See also these newsletters: Mar. '83, Feb. '86, Mar. '86, June '86, Aug. '86, Dec. '86, Mar. '87, May '87, June '87.)*

running it efficiently."

This refers to seasonal (Feb.-Aug.), thrice-weekly (Fr/Sa/Su) Texas Mexican Ry. Co. service on the 157-mile Laredo-Corpus Christi line. Amtrak never used this route or served Corpus Christi; the commendable Tex Mex initiative (*NARP News*, Apr. '86) has little or no relevance for Amtrak.

- "You need to do what the British did when they got out of the business and privatized their rail passenger service, where they gave the workers a big stake in it, where they were able to cut down their overhead."

As Capon responded, "British Rail (BR) is *not* a private company. British Rail gets public subsidies" (1986 total: $1.2 billion). Possibly Lesher confused BR with a British trucking firm—National Freight Corp.—whose privatization was cited in the Chamber's recent, poorly researched pro-Amtrak-privatization "Policy Working Paper." Hauling freight is usually more profitable than carrying passengers, particularly when the freight carrier pays less-than-full-cost to use public roads and the passenger carrier owns much of the right-of-way it uses.

- "Amtrak has 40% of their workers classified as managers." The actual 1986 number was 15%; 12% is projected for 1988.
- Amtrak subsidies benefit "middle income people.... The people who are riding Amtrak average $30,000 a year or more."

The problem here is a misunderstanding of Amtrak's mission. One of the reasons Congress created Amtrak was—to quote Title I of the Rail Passenger Service Act—to "help in alleviating the overcrowding of airways, airports, and highways." A service that attracted only poor people would not alleviate air congestion. Amtrak's subsidy needs would rise and Amtrak's president would be fired if "minimizing passengers' average income" replaced "maximizing the revenues-to-cost ratio" as his central goal.

"We don't have enough land in the country to put down the highways and the airports that would be needed to provide the sole means of transportation."
—NARP Exec. Dir. Ross Capon

Indeed, the federal government's $2 billion Northeast Corridor investment was aimed at providing fast trains capable of attracting people away from crowded highways and airports. Metroliner fares are by far Amtrak's highest (per-passenger-mile); Amtrak's subsidy needs would rise if those trains and revenues disappeared.

Amtrak, however, does provide important benefits for lower income people. Even including the Metroliners, passengers with incomes under $20,000 constitute a higher percent of all Amtrak passengers (34%) than of airline passengers (14%) or auto drivers (28%). Reflecting the low income of coach passengers on the long-distance trains, 47% of Amtrak passengers who ride for 12 hours or more on the same train have *family* incomes under $20,000.

The "not-enough-poor-people" fallacy is also used against mass transit subsidies. It similarly overlooks these facts: relief of highway congestion is a major reason for transit subsidies; the quality of transit available to poor people would be far lower if the system carried nothing but poor people; and poor people benefit disproportionately from the reduced air/noise pollution and reduced roadbuilding (and airport use) transit (and Amtrak) make possible.

(For a transcript of the program, send $2 to "It's Your Business," 1615 "H" St., NW, Washington, DC 20062. Ask for Program #412 or give the title, "Amtrak: The Way to Run a Railroad?") ■

THE POLITICS OF GREATER DEPENDENCE ON MIDEAST OIL

"From Alaska's North Slope to Britain's North Sea, oil production has gone flat—almost everywhere but in the Persian Gulf nations. Meanwhile, oil demand is rising inexorably. . . .

"In as little as five years, consequently, the world's most politically volatile region will hold a more powerful weapon than ever over the world's economies....

"That is a stark turnabout from only two years ago, when experts expected non-OPEC output to keep rising. . . .

"The constant threat to its oil supplies could force the U.S. to adjust its foreign policy—toward Israel, for example—to suit the Mideast's Islamic nations. . . .

"Using oil as a political weapon is hardly unprecedented. . . . The U.S., in fact, was among the first to wield the oil weapon when, in 1956, it cut off shipments to Britain and France to force them to withdraw troops from the Suez Canal area."

—Wall Street Journal, Aug. 21, front page news story

TRAVELERS' ADVISORY *(cont. from page 1)*

viding commentary on Montgomery-White Sulphur Springs segment of New York-Chicago "Cardinal" on Sun. trains.

Amtrak has modified its policies on tobacco smoking on board trains. Here are policy changes, additions since our last report (Aug. 1984 *News*, p. 4):

SUPERLINER LOUNGE: on upper level, smoking is allowed only in front section; other two sections are non-smoking.

AMFLEET I LOUNGE: no smoking at four tables closest to serving area.

HERITAGE, SUPERLINER SLEEPERS: smoking permitted in private accommodations, but "[i]t will be our policy to politely request that pipe and cigar smoking not be done in the sleepers. If passengers persist, no action will be undertaken by employees."

HERITAGE, AMFLEET, SUPERLINER COACHES: "On reserved trains with Heritage equipment, there will be no smoking in the coaches except in the restrooms. On reserved Superliner coaches there will be no smoking except in the rear six rows of seats on the upper level. On unreserved trains operating with eight or more coaches, the two rear coaches will be designated as smoking cars. Where there are four to seven cars, the car at the rear of the train will be designated as the smoking car. Where there are less than four coaches in the train, smoking will be permitted in a portion of the coach at the rear of the train. On Metroliners and unreserved trains with club service, the smoking coach is to be adjacent to the club car. On Los Angeles-San Diego custom class coaches, there will be no smoking except in the last six rows of seats in the car. On [New York-Buffalo corridor] custom class coaches, there will be no smoking except in the last three rows of seats in the car."

CONGRATULATIONS, ESPA, FOR THREE BIG ONES!

As a result of NARP Member/ESPA Pres. Frank Barry's service on New York's Advisory Council on State and Local Railroad Taxation, state legislation passed in June under which Conrail agreed to give some of its tax savings to the Council to study raising passenger train speeds west of Albany. Also, ESPA instigated a highly successful May 5 Amtrak ride by key state legislators.

Thanks to NARP/ESPA Member Elizabeth H. Bean, the NY State Supervisors' and County Legislators' Assn. adopted rail passenger service as one of three priorities the assn. pushed with the NY congressional delegation this year and included ESPA's 4-page plan to improve NY service in a small packet given to every delegation member last Mar.