

An Open Letter to the American People: Time to Put Amtrak Up for Sale

Since the middle of the 19th century until about 1920, when the popularity of the automobile began to shift the travel paradigm, nearly all intercity travelers in the U.S. moved by private rail car. The decline in private passenger rail transportation continued with the establishment of the National Highway System in the 1950s, and declined further as air travel became more prevalent. By the 1960s, with private rail bankruptcies increasing and a sustained decline in passenger rail travel, (buoyed in large part by cheap fuel prices) it became obvious to many that private railroads were becoming “the previous century’s mode of passenger rail transportation.”

Facing political cross-winds, and to avoid the total extinction of the passenger train, in 1970, Congress passed, and President Nixon signed into law, the Rail Passenger Service Act; and by 1971, Amtrak, as we now know it, began to operate intercity passenger rail travel as a hybrid public-private entity that receives taxpayer funding and is operated by the federal government. Today, however, subjected to increased passenger competition from automobiles, buses and airlines, insufficient capital resources and political bickering, Amtrak has once again come under scrutiny.

Yet, despite this, Amtrak’s ridership has maintained consistent growth, setting annual ridership records in seven of the last eight years. Fiscal 2010 ridership stood at 28.9 million and increased in January of this year to 94,000 more passengers than during the same period in 2010 – a six percent growth rate. With all of this as a backdrop, I now believe, however, it is time to put Amtrak back up for sale to the private sector. The writing is on the wall, and it says: “We need large scale intercity passenger rail travel in the last half of this century.”

This notion is fairly easy to predict and Amtrak will continue to play an integral role in the development of intercity passenger rail in the latter half of this century. As fuel prices continue to rise, more and more people will turn to rail transportation as an alternative to more energy consuming travel. In addition, as the airlines continue to condense their operations and eliminate smaller regional flights, travel options become less available. For instance, my hometown had 12 commuter flights a day just a few years ago. It is now reduced to two a day, with often only one on weekends, as the airlines concentrate on larger planes and long distance flights.

Yet, we have a beautiful 240,000-mile rail ROW network in North America that is already paid for and in much better condition than it was two decades ago. In most cases, this rail network connects all of our

major center cities and ports, and passes closely by most major airports. It is also a fact that using the “steel wheel on steel rail” is vastly more fuel efficient than other modes...and new technologies like PTC and GPS provide for greater rail safety and convenience. Amtrak also has the national franchise to run intercity passenger trains, with a well-established route system of day trains and hotel trains. It has the right to use the freight railroad tracks. In addition, as the U.S. Postal Service struggles financially, more and more packages and mail are already being handled by freight forwarding companies. These are all valuable assets. But the question being bantered about is who should own and run Amtrak?

In my opinion, the two most logical companies to consider buying Amtrak are FedEx and UPS. FedEx, for example, bought the old Railroad Express Agency and operates their company under that charter. UPS talked to Amtrak several years ago about running express and packages on long distance schedule trains but did not pursue the project. There are other things happening in the transportation world that supports FedEx and UPS buying Amtrak. First, as mentioned, the commuter airline industry is disappearing rapidly as the airlines concentrate on jumbo jets and longer flights that skip many regional areas that FedEx and UPS already serve. You can't fill the big planes with 20-30 small commuter planes and neither can UPS or FedEx fill their big planes with small ones. Take revenues from FedEx and UPS and add it to increasing intercity passenger rail revenues and you have a profitable venture!

To simplify things, Amtrak could be divided into two divisions, Eastern and Western, and sold or franchised to each of the express companies. Congress is trying to come up with a lot of infrastructure plans. Building two intercity passenger mail and express companies using the main lines of the existing railroad ROW's creates a very safe and ethical 21st century network for moving people and packages.

My hat is off to FRA and the railroad people running Amtrak. They have kept our passenger trains alive and growing through a very difficult time. Previous head of Amtrak, Graham Claytor, was my mentor, and I know he is applauding current President and CEO Joe Boardman and his team for their fine work. Now, let's help Amtrak, and the American travelers, move forward and prosper even more in the second half of the 21st century by selling it back to the private sector.

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