



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

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Amtrak Holds its Breath for a Handout

Amtrak President David Gunn is attempting to strong-arm Congress into appropriating \$1.2 billion in 2003 for the crumbling rail service by threatening a complete shutdown in July. However, simply throwing more money at the problem without steps towards serious reforms is wasteful and counterproductive. In spite of the ridership boomlet in the wake of September 11th (caused in large part by suspension of air travel), Amtrak lost \$1.1 billion in 2001, the largest such deficit since its 1971 inception. But this unprecedented shortfall wasn't the product of an economic downturn – **it was systemic.**

The source of these losses is stark and simple: the continuation of unpopular and egregiously unprofitable services. **Of Amtrak's 41 routes, all but two are loss-makers, losing up to \$347 per passenger on its biggest money-burner.** Not only is Amtrak habitually spendthrift, American travelers have voted with their dollars in favor of other modes of transportation – the demand for most of Amtrak's services is nowhere near sufficient to justify Amtrak's expenditures, nor is it likely to ever be, unless Amtrak's costs are brought into balance with its revenue. To that end, ATR recommends the following steps:

- Investigation into Amtrak's routes to determine the biggest loss makers, and elimination of the worst culprits, which entails...
- Not using popular and profitable routes as cash cows to be milked for politically convenient but economically questionable resource redistribution, and ultimately...
- Opening all routes to the private sector so that the need for service (as well as the locations, frequency and price thereof) can be determined objectively – and therefore accurately.

Unless Amtrak is weaned off of federal funding, this nagging problem won't go away – EVER. Lines should justify their own existence through ticket sales, not through regional favoritism or political influence. This Bloated Train That Couldn't needs to be placed with Private Trains That Can.