



Written by [Raven Clabough](#) on May 9, 2011

Amtrak Celebrates 40 Years of Failure

Officially known as the National Railroad Passenger Corporation, the company was created during the Nixon administration. As observed by *The Blaze*, Amtrak is “government owned and controlled, union-operated, employing more than 20,000 workers, led by a CEO appointed by the president of the United States, and maintains an annual budget that is allocated by Congress.”



While it seems fairly predictable that such a company would fail, Anthony Haswell, founder of the National Association of Railroad Passengers and the man widely recognized as the inspiration for Amtrak, had high hopes for the project. Forty-years later, however, the embarrassment and inefficiencies of the endeavor have been impossible to ignore, prompting Haswell to write the following [piece](#) on Amtrak:

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.

Conservative pundit Glenn Beck addressed the politics of Amtrak in his book *Arguing With Idiots*:

Pricing is dictated by politics. The Sunset Limited takes 47.5 hours to make the trip from L.A. to The Big Easy. Does anyone else see a problem with charging \$133 for 47.5 hours? Here's a hint: That's a rate of \$2.80 per hour!

The only reason the Sunset Limited route is still in existence is politics. Amtrak needs subsidies to stay in business, those subsidies have to be approved by Congress; therefore, Amtrak needs to keep certain politicians happy ... like for instance, keeping a money-losing route open in exchange for votes from the politicians who represent the districts that the train runs through.

Of course, such political dealings must have an impact on taxpayers. In 2010 alone, Amtrak earned approximately \$2.5 billion in revenue, but spent nearly \$4 billion, adding approximately \$1.2 billion in losses to the already accumulated \$50 billion in taxpayer money necessary to cover the company's losses since its inception.

An analysis of the company conducted by Pew's Subsidyscope discovered that in 2008, 41 of Amtrak's 44 routes lost money. Losses ranged from \$5 per passenger to \$462 per passenger, depending on the line. Pew collected the following data:

The line with the highest per passenger subsidy — the Sunset Limited, which runs from New



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Orleans to Los Angeles — carried almost 72,000 passengers last year. The California Zephyr, which runs from Chicago to San Francisco, had the second-highest per passenger subsidy of \$193 and carried nearly 353,000 passengers in 2008. Pew's analysis indicates that the average loss per passenger on all 44 of Amtrak's lines was \$32, about four times what the loss would be using Amtrak's figures: only \$8 per passenger. (Amtrak uses a different method for calculating route performance.)

The Northeast Corridor has the highest passenger volume of any Amtrak route, carrying nearly 10.9 million people in 2008. The corridor's high-speed Acela Express made a profit of about \$41 per passenger. But the more heavily utilized Northeast Regional, with more than twice as many riders as the Acela, lost almost \$5 per passenger.

With only 3 of the 41 lines turning a profit, one would imagine that Amtrak's CEO would be interested in making cuts. Unfortunately for the CEO, because of the employment of 20,000 union workers, of which 85 percent are covered by collective bargaining, any reform is virtually impossible as it could bring about the diminishing of benefits or the loss of jobs.

While Amtrak has lost billions of dollars each year since 2000, the Obama administration continues to advocate a plan to spend \$53 billion over the next six years on high-speed rail systems. Transportation Secretary Ray LaHood has traveled the nation promoting the high-speed rail system, despite its massive failures in countries such as China. *The Blaze* could not help but note the paradox in LaHood's promotional endeavors:

There is a certain amount of irony in the fact that Secretary LaHood will make high-speed rail project announcements in both New York City AND Detroit on Monday ... but he's getting from one city to the other via airplanes (we assume the Secretary to be flying on private, government jets too). It would be much more convincing if he chose to travel from NYC to Detroit on Amtrak — highlighting the current system and giving us an idea of just how much time will be saved when the new faster trains are up and running.

Meanwhile, even as the company continues to lose money, it is spending more of it to travel the country in celebration of its 40th anniversary. Starting on May 7, the Amtrak 40th Anniversary Train began its trek around the country. The cost of shuttling the train, merchandise, and staff from city to city is expected to be massive. In addition to those costs, Amtrak produced a promotional video to celebrate the company, despite the four decades of losses and the fact that it is serving the needs of less than two percent of the country.

The solution to Amtrak's problems, as with most others, is to move to a less-regulated, free-market system of service. But because such a move would force lawmakers to confront the notion that most government-run enterprises are failures, reform is unlikely. Instead, let's pop the cork off the champagne bottles and celebrate 40 years of ineptitude!

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