

# IMPORTANCE OF PASSENGER RAIL AND FUTURE OF AMTRAK

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Indiana (Ms. CARSON) is recognized for 5 minutes.

Ms. CARSON of Indiana. Mr. Speaker, I rise today to talk about the important issue of passenger rail in America and the future of Amtrak.

The passenger rail system suffers from gross neglect of our investment. We have actively engaged in financing and developing and preserving the infrastructure of all other modes of transportation, whether it be bailing out the airlines, federally funding and fixing the State highway system, or subsidizing airport construction. However, we continue to be faced with the possibility that Amtrak may suddenly have to cease operations. Recently, Amtrak president David Young said that if Amtrak did not receive a \$200 million loan in the next 3 weeks, it would have to begin shutting down operations.

Mr. Speaker, it is imperative that we build a world-class passenger railroad system in the United States. We cannot wait for highways and airports to become so overwhelmed that they can no longer operate, and we cannot continue to hold the millions of Americans who rely on rail service in limbo while we refuse to provide Amtrak with adequate funding. We must engage in long-term planning.

The terrorist attacks of September 11 and the aftermath that followed exposed the vulnerability of our society, our economy when transportation choices are limited and our mobility is diminished.

After the FAA grounded all flights following the terrorist attacks, travelers turned to Amtrak. Whether people had to travel for business, to help with rescue efforts, or just to get home, Amtrak kept our American citizens moving during the time of national emergency. Amtrak's ridership and revenues skyrocketed, led by the northeast corridor, which had a 13.5 percent revenue growth and a 4.6 percent ridership growth in 2001.

The system as a whole, including the corridor, revenue rose 8.2 percent, ridership 4.3 percent. The situation not only proved that Amtrak works but that passenger rail is critical to our transportation infrastructure during national emergencies or a security crisis.

Amtrak provided a critical transportation link, carrying 35,000 passengers along the northeast corridor every day and hundreds of extra carloads of mail for the U.S. Postal Office in the days following 9-11.

Mr. Speaker, it was not until 1956 that the government began heavily promoting highway transportation with the passage of the Federal Aid Highway Act of 1956. The act established a highway trust fund based upon Federal user taxes in order to finance up to 90 percent of State construction

costs of the \$25 billion plan to pay for new roads and the construction of the Eisenhower National Interstate and Defense Highway System. Similar policies and Federal attention for aviation resulted in the strengthening of the aviation industry.

Amtrak was created as a Federal corporation in order to relieve the railroad industry of unprofitable passenger operations and in the interests of maintaining a national passenger rail service. Per capita spending in America on passenger rail is dismal compared to the other 23 industrialized nations with rail service.

I would like to present, Mr. Speaker, that part as a part of the RECORD for the edification of all those concerns.

The material referred to follows:

## NARP—WORLD MAINLINE RAIL SPENDING PER CAPITA

The United States ranks low among industrial nations in terms of its spending on rail spending—both in whole terms and per capita.

Population density is not entirely a determining factor—on the chart below, Norway, Finland, Sweden and Canada all spend more than the U.S. per capita, yet have lower population densities. Estonia is slightly more densely populated than the U.S., yet invests over twice as much in rail per capita. Some states in the U.S. have population densities closer to that of some of the other countries.

Even as a society, you get what you pay for. Is it any wonder that the passenger rail system in the U.S. is so skeletal compared to other countries?

*Selected countries, U.S. dollars, 1999—capital and operating support from governments to major national railways*

Belgium .....	834.39
Austria .....	117.30
Switzerland .....	162.65
Luxembourg .....	160.69
France .....	67.66
Slovenia .....	46.98
Italy .....	46.09
Netherlands .....	44.36
Ireland .....	43.75
Sweden .....	39.09
Croatia .....	37.40
Britain .....	36.98
Slovakia .....	26.27
Norway .....	24.92
Spain .....	22.76
Hungary .....	21.06
Czech Republic .....	20.08
Germany .....	18.60
Romania .....	15.75
Yugoslavia .....	13.83
Estonia .....	7.67
Finland .....	5.95
China .....	5.21
Canada .....	5.09
United States .....	3.28
Poland .....	3.13
South Korea .....	3.11
Turkey .....	1.55
Portugal .....	1.48
Saudi Arabia .....	0.82
Cameroon .....	0.23
Algeria .....	0.20
Senegal .....	0.17
Chile .....	0.17
Malaysia .....	0.16
Taiwan .....	0.15
Mali .....	0.02

## NOTES

U.S. spending includes 2000 federal appropriations for the Federal Railroad Administration (including for Amtrak and high-speed programs) and state payments to Amtrak.

Canada includes VIA Rail Canada only, for 2000.

Information from 1998 for Sweden and Taiwan.

Information from 1997 for Luxembourg, Cameroon, Mali, Senegal, and Malaysia.

International Union of Railways (UIC), Paris, for spending figures except: United States, from appropriations information; Canada, from Transport Canada; Britain, from Department of Transport, Local Government, and Regions; and China (includes infrastructure spending only), from International Railway Journal.

Time Almanac (2000) for population figures.

Yahoo.com for exchange rates (March 19, 2002; historical information from same source used where available).

While we subsidize the building of roads and highways, Mr. Speaker, with tax dollars, we must ensure the survival of Amtrak. It is a wise use of taxpayer money. It is for the benefit of the American public. It is for the benefit of the transmission of cargo in this country. I would urge Members to sign onto legislation that I have authored which would authorize \$1.5 billion annually for corridor developments. They are needed for the infrastructure, highway-rail grade crossing improvement, acquisition of rolling stock and track and signal equipment.

Mr. Speaker, the rest of my remarks for the benefit of time and the limitation that has been afforded in this 5 minutes will go into a part of the CONGRESSIONAL RECORD for further explanation, but I would encourage the Members of this body who believe that America should engage in economic stimulus for the benefit of jobs, for the benefit of the American people, to sign onto my bill that would ensure the continued survival and viability of Amtrak, a very vital, needed service for the American people.

Mr. Speaker, I rise today to talk about the important issue of passenger rail in America, and the future of Amtrak.

The passenger rail system suffers from gross neglect of our investment. We have actively engaged in financing, developing, and preserving the infrastructure of all other modes of transportation. Whether bailing out the airline industry, federally funding and fixing the interstate highway system, or subsidizing airport construction. Finally, it will require an annual independent audit of Amtrak, to be reviewed by the Department of Transportation's Inspector General.

By developing passenger rail as part of a balanced transportation system, this legislation will lead to the creation of jobs in the short run to stimulate our economy. In the long run, high-speed rail corridors will become a key foundation for our national rail passenger transportation system, which is critical to the strong backbone of a prosperous economy.

I understand that this legislation is an ambitious blueprint, but I believe that with the appropriate funding, America's passenger rail can take its appropriate place as the best rail system in the world.

We continue to be faced with the possibility that Amtrak may suddenly have to cease operations. Recently, Amtrak CEO David Gunn said that if Amtrak did not receive a \$200 million loan in the next 3 weeks, it would have to begin shutting down operations.

Mr. Speaker, it is imperative that we build a world class passenger railroad system in the United States. We cannot wait for highways and airports to become so overwhelmed that they can no longer operate, and we cannot continue to hold the millions of Americans who rely on rail service in limbo while we refuse to provide Amtrak with adequate funding. We must engage in long-term planning to address future passenger transportation growth and show forethought in crafting transportation solutions—not wait for the impending crisis.

The terrorist attacks of September 11, 2001, and the aftermath which followed, exposed the vulnerability of our society and our economy when transportation choices are limited and our mobility is diminished. After the Federal Aviation Administration grounded all flights following the terrorist attacks on September 11, 2001, travelers turned to Amtrak.

Whether people had to travel for business, to help with rescue efforts, or just to get home, Amtrak kept our American citizens moving during a time of national emergency. Amtrak ridership and revenues skyrocketed, led by the Northeast Corridor, which had a 13.5 percent revenue growth and a 4.6 percent ridership growth in 2001. The system as a whole, including the corridor, revenue rose 8.2 percent and ridership 4.3 percent.

The situation not only proved that Amtrak works, but that passenger rail is a critical part of our transportation infrastructure during a national emergency or security crisis. Amtrak provided a critical transportation link, carrying 35,000 passengers along the Northeast corridor every day, and hundreds of extra carsloads of mail for the U.S. Postal Office in the days following the terrorist attacks.

Transportation security, an essential part of our national security, requires a balanced and competitive system of transportation alternatives. In September, we found that our dependence on the aviation system was basically stagnant. We cannot afford to rely on any single mode of transportation; we need to ensure that we have a balanced system that includes a sound passenger rail system. Passenger railroads use less fuel per passenger mile than highway vehicles and commercial airlines.

During these times of oil-consciousness, a larger presence of passenger rail in our transportation system would reduce our Nation's dependence on foreign oil. Passenger railroads, the interstate highway system, and our national aviation network have all taken different paths in their current roles in our national transportation system. The interstate highway system has received significant attention and federal funding since the construction of the Lincoln Highway in 1913 and the Rural Post Roads Act of 1916, and later during World War II with the Federal Highway Act of 1944. It was not until 1956, however, that the Government began heavily promoting highway transportation with the passage of the Federal Aid Highway Act of 1956.

The act established a Highway Trust Fund based upon Federal user taxes, in order to finance up to 90 percent of State construction costs of the \$25 billion plan to pay for new roads, and the construction of the Eisenhower National Interstate and Defense Highway System. Similar policies and Federal attention for aviation resulted in a strengthened infrastructure, and follows much the same story of the highways system.

Passenger rail service was once a vital instrument in the transportation needs of our Nation. For instance, during World War II, not only did the railroads transport 90 percent of all defense freight, but also 97 percent of all defense personnel on their way to theaters of action. By the end of the war, railroads accounted for three-quarters of the common carrier share of intercity traffic, with airplanes and buses sharing the remaining quarter of traffic. However, with national focus turned to aviation and highways, by the late 1960s most rail companies were petitioning the Government to discontinue passenger services because of losses.

Amtrak was created as a Federal corporation in order to relieve the railroad industry of these unprofitable passenger operations, and in the interest of maintaining a national passenger rail network. But in retrospect, Amtrak was set up not to thrive and expand passenger rail service, but really to just maintain the status quo of 30 years ago. That attitude persists even today. Since 1971, Amtrak has received only \$25 billion in public subsidies. During the same period, the United States invested \$750 billion on highways and aviation.

Per capita spending on a passenger rail is much lower than many other countries with the U.S. ranking behind the top 23 industrialized nations with rail service, and with your permission Mr. Speaker, I would like to submit for the record these funding levels, so that Members can be aware how drastically wrong our current policies are. No passenger rail service in the world has built and operated a passenger rail system at a profit. All have required Government support for construction and maintenance, or operating support, or both. That same principle holds true for highways and aviation, which have required substantial Federal spending since their beginning and continue to receive generous Federal subsidies today.

Those who want passenger rail to operate with Federal assistance argue that we should not "subsidize" passenger rails. Yet we subsidize the building of roads and highways with tax dollars. We subsidize the building of airports and pay for all of the equipment and people needed to run our air traffic control system.

We consider those subsidies to be worthwhile investments in our economy and our quality of life. We must make the same investment to create a world-class passenger rail system in order to see the same kinds of benefits. From this, is evident that we need to re-evaluate our Nation's rail passenger policy, and clearly define a role for Amtrak.

A strong Federal role was required to establish the interstate highway system and the Federal aviation network, and now Federal investment in passenger rail infrastructure is critical. Once again, Federal leadership is required to address the needs of a reliable, safe, secure passenger rail network.

In the coming weeks, I shall introduce the National Defense Rail Act, which will mirror S. 1991, introduced by Senator ERNEST HOLLINGS. This legislation provides a blueprint for the future of passenger rail in the United States. The bill will help develop high-speed rail corridors, which are the building blocks for a national passenger rail system. This will allow regional transportation solutions to play a part in the national system.

It will also aid in the development of short distance corridors between larger urban cen-

ters, as well as provide funding to preserve longer distance routes for those communities that do not have the population densities to merit air service—sometimes the train is their only alternative to driving. Finally, it will provide Amtrak with the tools and funding it needs to operate efficiently.

This legislation authorizes \$1.255 billion in emergency spending for Amtrak's security and life safety needs. This bill will give the Federal Government the script for the role it needs to play in establishing a national rail passenger system. It would not require any State contribution, and would give preference to projects having right-of-way dedicated to passenger rail, involving high-speed passenger service of 125 mph, although operations of 90 mph speeds or more would be eligible for funding, and those connecting to other modes of passenger transportation, including airports.

The bill authorizes \$1.5 billion annually for corridor development. These funds are needed for infrastructure acquisition, highway-rail grade crossing improvement, acquisition of rolling stock and track and signal equipment. This bill will also fund \$35 billion in loan guarantees. This money will dramatically expand the current Railroad Rehabilitation & Infrastructure Financing loan and loan guarantee program. This bill eliminates the artificial limits on loan amounts, impossible collateral requirements, and unworkable loan cohort structures. This bill identifies existing high-speed corridors in 29 States and the District of Columbia for priority consideration. Many of these corridors are in areas where people are now driving cars or taking airplanes on trips of 300 miles or less.

In these areas travelers could take a high-speed train instead and arrive at about the same time. But right now they don't have that rail option, and they won't until we build it. The Northeast Corridor has become an invaluable asset to our national transportation system, and it should not be left in disrepair. This bill authorizes funds to enable Amtrak to eliminate its capital backlog of projects, maintain ongoing projects to capital infrastructure, and improve capacity to accommodate projected growth in traffic. It also allows Amtrak to reinvest revenues from operations in the Northeast corridor back into the backlog of capital infrastructure projects, and will require Amtrak to reinvest revenues from non-passenger operation into growth projects outside the Northeast Corridor.

This bill ensures fair labor standards for all projects receiving funds under it, including payment of prevailing wages and allowance of collective bargaining over wage rates. Another immediate benefit will be the closing or improvement of highway-rail grade crossings in high-speed rail corridors. Under this bill, funds are set aside specifically for these important safety improvements. This legislation will provide the necessary funds of \$1.31 billion for Amtrak to repair and upgrade the track it owns and operates in the Northeast Corridor.

This corridor is a prime example of the benefits we can attain when there are transportation choices for travelers. The passenger railroad system that has worked well in the Northeast can work in other highly-congested areas of the country: the South, the Midwest, California and the Northwest.

Thirty years ago, those areas did not have the population to support high-speed intercity rail. But today those areas are growing by

leaps and bounds. As the highways in those areas clog up and the planes run 3 hours late, many are asking us for help to build high speed rail. A short-term benefit of this legislation will be stimulation of the economy by providing jobs in developing new corridors. Millions of Americans have asked Congress to save Amtrak, and to ensure the future of passenger rail in the United States. I ask my colleagues to add a powerful voice to these millions, and join with me by cosponsoring this important legislation.

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# FEDERAL GOVERNMENT CANNOT ACCOUNT FOR BILLIONS OF TAXPAYER DOLLARS

The SPEAKER pro tempore (Mr. JEFF MILLER of Florida). Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

Mr. JONES of North Carolina. Mr. Speaker, during the Memorial Day break, I happened to be listening to a talk show out of Raleigh, North Carolina called WPTF and the host is Jerry Agar. When Mr. Agar said that the New York Post had reported that the national government, the Federal Government had lost \$17.3 billion, it kind of got my attention. So by phone, because I was in my car, I called my staff and I said, please get me a copy of the New York Post. I cannot believe what Jerry Agar was saying, even though I have been on his show and I think he is a very, very credible talk show host.

Sure enough, we got a copy of the New York Post and the article says, "Washington complains about deceptive corporate accounting, but the government last year misplaced an incredible \$17.3 billion because of shoddy bookkeeping, or worse."

Then, to add to that embarrassment that we cannot keep our books straight here in Washington, D.C., the London Times, May 29, has an article that says, "As accounting errors go, it is a whopper. The U.S. Treasury has admitted that it has 'lost' \$17.3 billion," and they equate that in pounds to \$11.7 billion, "because of shoddy bookkeeping, enough to buy a fleet of 8 B-2 stealth bombers and still have change for jet fuel."

Mr. Speaker, I would like to submit these two articles and also a letter that I have sent to Secretary Paul O'Neill.

Let me go a little bit further. In March, 2002, the Department of the Treasury released the 2001 financial report of the United States Government. This report included some shocking revelations about Federal Government expenditures. Specifically, on page 110 of this report, it is revealed that the Federal Government has unreconciled transactions totaling \$17.3 billion from the year 2001. Put simply, the Federal Government cannot account for billions of taxpayers' dollars that Americans paid in one fiscal year.

Mr. Speaker, as a Member of Congress, and my colleagues, I am sure,

feel the same and, more importantly, as taxpayers, I am frankly offended by these facts. With the war on terrorism costing about \$1.8 billion per month, this is not the time to be misplacing taxpayers' dollars. As I stated earlier, and I want to state again, the London Times said \$17.3 billion is enough to buy a fleet of B-2 bombers with spare change for fuel. Mr. Speaker, \$17.3 billion is the equivalent of two aircraft carriers and two air wings. If a company in the private sector managed its books in a similar fashion, someone would definitely be going to jail.

Last week, as I said earlier, I requested Secretary of the Treasury Paul O'Neill to account for these unreconciled transactions. Mr. Speaker, the American taxpayers look to us to be the leaders who protect and spend their money wisely, and I think we have a responsibility and an obligation to the taxpayers of this country to explain to them how we lost \$17.3 billion. It is unacceptable, and I am sure my colleagues on both sides of the political aisle will feel the way I do. We would expect an explanation to the fact that we have misplaced and lost \$17.3 billion of the taxpayers' money.

So, Mr. Speaker, I am going to close with that. But again, I do want to submit the two articles from the London Times, the New York Post, and my letter to Secretary O'Neill, and I do expect Secretary O'Neill to respond with some type of explanation. If I do not get a letter in the proper length of time, I intend to notify the committee of jurisdiction and ask that they hold a hearing on how we as a national government have lost \$17.3 billion of the taxpayers' money. The American people work hard for their money and they have a right for an accountability by this government.

[From the New York Post, May 28, 2002]

## BILLIONS LOST BY FEDS

(By John Crudele)

MAY 28, 2002.—Washington complains about deceptive corporate accounting. But the government last year misplaced an incredible \$17.3 billion because of shoddy bookkeeping, or worse.

Let me put that into numbers so you can fully appreciate the amount. It's \$17,300,000,000—the price of a few dozen urban renewal projects, a nice size fleet of warships or about have the tax cut that everyone made such a fuss about last summer. Disappeared. Gone. Nowhere to be found. In fact, the government's accounting was so atrocious that the General Accounting Office—another Washington agency—refused to give an opinion about the honesty of the government's books.

Did someone steal all that money? The government doesn't know. Was it simply misplaced? Dunno. Misspent? Your guess is as good as anyone's.

There's a certain bit of irony, of course, that Congress is raking companies like Enron, Arthur Andersen and others over the hot coals for falsified books when D.C.'s own records are pathetically inadequate.

As I mentioned in this column a couple of weeks ago, the government made an incredible admission a little while back in something called the 2001 Financial Report of the United States Government.

In that report, Treasury Secretary Paul O'Neill revealed that when the government uses the same accounting method that corporations are required to use, the federal deficit in 2001 was \$515 billion. Last fall the government said the budget had a surplus of \$127 billion.

Ah, yes, the good old days!

The huge deficit is mainly, the government says, the result of health benefits to military retirees. That's a cost the government conveniently forgot to include in its old accounting method, which had more to do with winning votes than providing a true financial picture of the country.

Anf that \$515 billion doesn't include all costs, especially Social Security. But we'll leave that alone because I don't want to depress anyone—especially myself.

I also said in that earlier column that the information on the deficit wasn't easy to find. O'Neill's letter was buried on the Treasury Department's Web site and the press release put out by the agency didn't mention the \$515 billion until paragraph 5.

(Treasury says all the press in Washington got a copy of the report and that it was adequately disclosed. It also said an undersecretary of Treasury had reported the numbers to a congressional subcommittee.)

Well, I sent my scavengers back into that Financial Report of the U.S. for another look and that's when we discovered the unaccounted for \$17.4 billion.

Follow me on this and I'll lead you to the still missing treasure.

Go to [www.USTreasury.gov](http://www.USTreasury.gov), click on Treasury Bureau on the left, then click on "financial management services."

If you've made it this far click on "Financial Report of the U.S. Government" for 2001 and download it.

Now find page 49. Look at the line that says "Unreconciled transactions affecting the change in net position." The figure in the 2001 column next to that is \$17.3 billion.

What that means is that when the accountants tried to balance the government's books they came up \$17.4 billion short. Note 16 on Page 110 sort of explains.

That footnote says that the accountants had to pencil in \$17.4 billion that didn't exist (or was missing) in order to achieve a balanced government ledger.

The footnote adds that the mistake could simply be bad government record keeping or "improper recording of intragovernmental transactions by agencies."

Poor record keeping! Isn't that a gem.

I spoke with some of the folks at the General Accounting Office who audited the government's report. They were puzzled by the discrepancy and wouldn't sign off on the government's accounting because of that and other things.

"The left and the right side didn't equate," said one GAO auditor. When such a thing happens in the private sector, People go to jail. And a company's stock would fall by about 99 percent if its auditor didn't trust the books—just ask the felons-to-be down at Enron.

It is good that Washington must now adopt a corporate-like method of accounting for where it spends taxpayers' money.

But it would be even better if there were some recourse to the sort of sloppiness, arrogance or criminality that allows the government to come up \$17.4 billion short of balancing its books.

At the very least, maybe some corporate exec—as he's being hauled off to jail for accounting fraud—will hold aloft page 49 of the government's financial statement and footnote 16 and demand equal treatment.