

# Debate Government's Role in Saving Rail

Faced with the Bush Administration's determination to shut down the U.S. national passenger rail system, AMTRAK, U.S. Congressmen and Senators on both sides of the aisle, have plunged into an intensive debate over the role of government in relation to rail infrastructure. Hearings held April 21 in the Surface Transportation Subcommittee of the Senate Commerce Committee featured a surprising convergence of views between Committee Chairman and conservative Mississippi Republican Trent Lott, and FDR Democratic Senator from New Jersey, Frank Lautenberg. Both agreed that necessary infrastructure, such as passenger rail, cannot be expected to pay for itself, and must be supported as an essential service by the Federal government.

A more limited debate occurred before a subcommittee of the House Appropriations Committee on April 27. Following that, the House Committee on Transportation and Infrastructure voted out a bipartisan bill (H.R. 1630) to fund AMTRAK at a level slightly higher than the \$1.8 billion AMTRAK President David Gunn had testified was essential—at \$2 billion a year, for each of the next three years.

This Committee of the House also passed bipartisan legislation which calls for Federal funding of high-speed rail, including some magnetically levitated lines. The Railroad Infrastructure Development and Expansion Act for the 21st Century (RIDE 21) would “pump \$60 billion into new and improved rail infrastructure across the country . . . help create thousands of new jobs while preserving the rights of rail workers under existing collective bargaining agreements.” Funding would be provided by bonds floated by the states, or interstate compacts.

The RIDE 21 bill (H.R. 1631) will now be sent to the full House for debate and a vote. Ranking committee member James Oberstar (D-Minn.) welcomed the high-speed/maglev bill saying, “It is shameful that the United States, the world's leading economy, is a third-world country when it comes to passenger rail.” He went on to praise high-speed rail for its relieving effects on congested highways and airports.

The bills will now have to be scheduled for debate by the full House of Representatives, and whether to schedule such a debate is up to the GOP leadership. Were the bills voted up and adopted, the U.S. Senate would also have to craft and adopt similar legislation before anything could be sent to the President for signature. As of now, the Senate has not drafted any such legislation for either rail system. The House bills are budget-setting bills, and were they adopted, there still would have to be a process to get the funds appropriated for spending.

In fact, the LaRouche movement's intervention into the Congress, including through the written testimony reproduced below, aims at forcing an even more ambitious plan. The Senate Subcommittee debate indicated bipartisan openness to such an approach.

In his conclusion, Lautenberg said that rail service, like essential air service, is necessary. “That's what government is for,” he said.

Lott responded in effect: I have to agree. The Federal government has a role in doing things which individuals, communities, and states cannot do for themselves. I look forward to working with you [Sen. Lautenberg] in the Congress to solve these problems.

Lott, who treated the Administration representative who came to present the destroy-AMTRAK plan with scorn, asked each witness for his view of the proposal to create a national transportation funding authority, which would finance development of new transportation infrastructure by sale of bonds offering Federal tax advantages. After their answers, Lott responded, “I await your answers, because this is what we'll do.”

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## LPAC Testimony to Congress

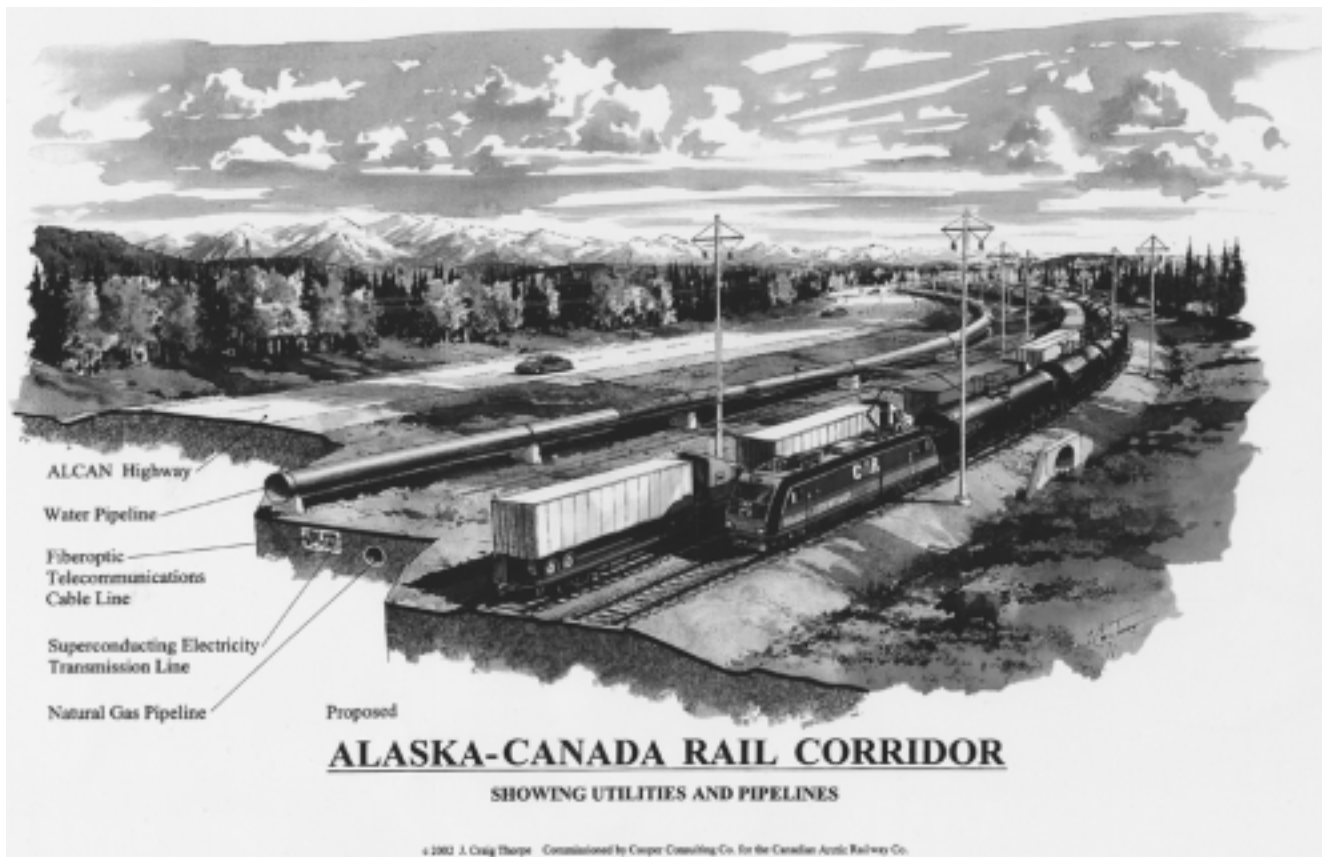
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# Fund National Rail To Rebuild Economy

*A hearing of the Subcommittee on Transportation, Treasury, and Housing and Urban Development, the Judiciary, District of Columbia, of the House Committee on Appropriations, on the topic of the Federal Railroad Administration and AMTRAK, took place on April 27, 2005. The Lyndon LaRouche Political Action Committee (www.larouhepac.com), submitted testimony for the hearing entitled The U.S. Economy is in a Breakdown Crisis: Fund a National Rail System As Part of Emergency Measures To Rebuild the Economy. The LaRouche PAC testimony was prepared by Marcia Merry Baker and Mary Jane Freeman, on April 20. The submitted testimony follows:*

Dear Chairman Knollenberg, Rep. Olver, and Members of the Committee:

The question of funding and continuing AMTRAK pose two inter-related matters to this hearing, and to the 109th Session of Congress at large: 1) The U.S. economy, and world dollar-based financial system is now breaking down; and 2) infrastructure-building—in particular rail transportation, which on its own merits should never have been down-



An artist's view of the proposed Alaska-Canada international rail line, interconnecting to the lower 48 States. The corridor, with electrified rail, accommodates natural gas and utility lines. This view has long been proposed by Dr. Hal Cooper, who most recently participated in an Alaska-Canada Railway Corridor Conference" on April 7-8, in Prince George, British Columbia. Also in April, a new Joint Rail Advisory Committee was formed by the state of Alaska and the Yukon Territory, to conduct a feasibility study for an Alaska-Canadian rail.

scaled—is essential for a reconstruction-based economic recovery.

What is required, in acting to save and expand passenger rail services, including re-regulation and development of a fully upgraded and intermodal freight system, is the kind of readiness by Congress to intervene across the board in the key sectors of the U.S. economy now facing collapse. In tandem, national and international measures can be taken to create debt reorganization and other measures to deal with the dollar system crisis at hand.

Central to upgrading rail—and at the heart of an economy—is our industrial output capability embodied in the auto/aerospace sector, in terms of the whole complex of machine tools, the highly skilled workforce, and vehicular output capacity. The policy response to the current acute financial crises of General Motors, Ford, and supply line companies, such as Delphi, Visteon, etc., must not be the Wall Street reflex reaction demanding mass lay-offs and shutdown of capacity. Rather, we must initiate the re-tooling of this sector for the production of rail components, among other things.

We call on Congress to act: immediately approve what AMTRAK CEO David Gunn judges to be the proposed bare minimum to continue AMTRAK operating, while moving in the broadest way to set in motion a full-scale rebuilding program for passenger and freight rail, including both high-speed and magnetically levitated rail lines, and the long-delayed intercontinental connections to Alaska, and southward throughout the Americas.

As of April, we have put into circulation two documents on just this perspective, by Lyndon LaRouche, outlining the scope of the breakdown crisis, and what must be done. One, for mass circulation, is *An Emergency Reconstruction Policy: Recreate Our Economy!* And the second is a memorandum, *Emergency Action By the Senate*, given the special advise-and-consent role of this chamber regarding the Executive Branch, which at present is fueling the U.S. economic crisis, while denying its existence. These documents are available for your Committee Members, and the record, and we here quote from them on the relevant points of the immediate matter to hand.

Already, hundreds of rail and other industrial experts, from the shop floor to elected officials, are coming forward prepared to collaborate in nuts-and-bolts ways, with Federal government initiatives on carrying out an emergency rebuilding program.

As for the contrary opinion that a national passenger rail system is somehow “optional” or “anachronistic” for a nation—these views are the kind of thinking which, over the past three decades of post-industrial, free-market globaloney, have perpetrated the economic breakdown process in the first place. If this view is allowed to prevail, and the nation is plunged into chaos, the way is paved for fascism.

### **Context: Monetary, Economic Breakdown Crisis**

Today’s monetary crisis is summarized by LaRouche in his *Recreate Our Economy!* paper:

“The world is presently dominated by the floating exchange-rate form of present monetary-financial system, the present International Monetary Fund (IMF) system. This system, is, in fact, presently bankrupt, hopelessly bankrupt in its present form. It is kept alive, in the sense of a life-support system, chiefly, by a skyrocketing mass of sheer financial derivatives and other fraud, including the forms of Enron-like, or comparable practices addressed by the New York State prosecutors.

“Typical of the principal means being used currently to postpone the general financial collapse for just another few steps ahead, is the flow of funds now being diverted to support the British and U.S. mortgage bubbles. Typical of the onrushing disasters are the continuing efforts of President George Bush to carry out the mission assigned to him by the Federal Reserve System, to loot the U.S. Social Security system, and that gigantic effort to grab future control over all of the world’s principal mineral resources which is reflected in such forms as the present petroleum-price bubble.

“This monetary-financial system is the greatest single obstacle to organizing a recovery from the presently onrushing financial crash. If that obstacle is not overcome very soon, the world as a whole is already on the brink of a planetary new dark age. Any recovery of the presently collapsing U.S. national economy depends upon immediate, and extensive reforms of that monetary-financial system. . . .”

In fact, there is a growing recognition of the crisis as outlined here. As LaRouche began his April 13, memorandum to the Senate: “1.1. An increasing number and variety of relevant specialists have been joining an international chorus which is warning, in effect, that an ongoing, systemic economic collapse of the world’s presently reigning, monetary-financial order, has now entered its terminal phase. As some leading voices in government, and relevant others, have indicated, since September 1998, the world has entered a period of historic crisis, when the time has come that nations must act in support of a common interest, to create a new financial

architecture for the world at large. . . .”

This recognition of the need for extraordinary action is shown, for example, in the April 6 passage of a resolution by the lower house of the Italian Parliament, which cited in its findings, the dangers of the vast global overhang of unpayable derivatives, debts, and financial obligations of all kinds, especially in the United States banking sector. The resolution calls on the Italian government, “To act in the relevant international venues in order to create a new financial architecture, aimed at avoiding future financial crashes and the repetition of speculative bubbles, and thus dedicated to the main objective of supporting the real economy; and to take all necessary initiative to reach, as soon as possible, together with other nations, the convocation of an international conference at the level of Heads of State and Government, to create a new and more just global monetary and financial system.”

### **Fully Fund AMTRAK, Launch Vast Expansion**

Once the context of the reality of the epic scale of the economic crisis is acknowledged, the nature of emergency intervention becomes clear. What is required for AMTRAK, is to stop the cutting, and fully fund it for present requirements of operations and capital improvements of a national rail system—restoring it back at least to the Y2000 grid or thereabouts, re-instating the Ohio, Florida, Louisville, Kentucky, and other lines recently eliminated.

This will result in a vast new demand for skilled jobs in construction, tooling, and input supplies, and huge demands for steel, rolling stock, etc. For example, for a new national double track rail line, some 720 tons per mile are needed for rails alone, not counting bridges, culverts, etc., which, if included, bring the total up to the 1,500-ton level. A mile of magnetically-levitated line needs 5,000 tons of steel. Instead of utilizing a paltry 500,000 tons a year, as during the 1990s, in the U.S., millions of tons of steel would be required for rail building and upgrade.

Hold-the-line bipartisan support for funding for AMTRAK is rightly implied in the new draft H.R. 1630, introduced April 13, calling for \$2 billion over each of three years to finance capital and operating expenses, but the funding level can and must be increased to ensure development of the U.S. national rail system. A forced bankruptcy of Amtrak is a fool’s errand which must be resisted in the interest of the General Welfare and national security of the nation.

Secondly, get moving on restoring an expanded passenger rail system, to serve all regions of the nation, and interconnect with Canada/Alaska, Mexico, and southward. In tandem, under re-regulation, there must be a vastly upgraded freight system put back into place.

For all these modernizations, phasing in electrification is called for, which in turn, sets up the demand to resume large-scale nuclear power construction. By definition, any high-speed or magnetically levitated line must be electrified.

The outlines of a national system of high-speed intercity corridors have been devised for years. Most recently, they are implied in the new bill introduced April 13 into the House HR 1631, the Railroad Infrastructure Development and Expansion Act for the 21st Century (RIDE 21), described by Railroad Subcommittee chair Rep. Steven LaTourette (R-Ohio), as intended to “pump \$60 billion into new and improved rail infrastructure across the country . . . [to] help create thousands of new jobs while preserving the rights of rail workers under existing collective bargaining agreements.”

Maglev train development is included. Development of high-speed rail corridors, increased funding for developing the technology, and acquisition of locomotives, rolling stock, track, and signal equipment are included. Another crucial inclusion is an increase in the Railroad Rehabilitation and Infrastructure Financing loan guarantee program from \$3.5 billion to \$35 billion.

However, the key feature that must be changed in this bill is that Federal, not state-based decisions must guide the overall national outline of the system—by definition, in order not to be a piecemeal, de-centralized morass. And secondly, funding must be arranged through Federal low-interest credits, private bidding, and such traditional tried-and-true practices of infrastructure building in the United States, and not be attempted through local and state bonding, given the financial collapse conditions of our localities at present, which must be acknowledged and relieved.

### **LaRouche: ‘What We Must Do’**

Taking into account the scale of the monetary-financial crisis, and the decrepit state of the U.S. physical economy, LaRouche lays out specifics—with rail development as a central feature—in a section titled, *What We Must Do* of his *Recreate Our Economy* paper. First, get to work on shelved, but “ready-to-go” projects of all kinds, for their economy-revving impact.

“The Federal state, county, and local governments of the territory of the U.S.A. have a vast accumulation of worthy projects in major maintenance and building of basic economic infrastructure. Many among these are authorized for expenditure as soon as funding is brought forward. The implementation of a sizeable portion of these hundreds of billions of dollars’ worth of large accumulation of absolutely necessary and worthy public or private U.S. domestic investments in basic economic infrastructure, would be sufficient to bring the current level of net national income far enough above national breakeven-point, to allow us to bring the presently onrushing monetary-financial crisis of the U.S.A. under control. . . .”

Under this kind of rev-up, we will need to “choose a combination of such options which do not conflict fatally with one another in their competition for our scarce present resources. . . .” From our aging locks and dams systems, to rail, to water and sewer systems, to all aspects of infrastruc-

ture, there are needs for inputs to reinforce the foundation of our economy so that our citizens are re-employed in productive jobs and we are made ready to meet the challenges of the 21st Century.

“For example, one of the largest components of our national productive capacity, both for the so-called private and public sectors, is concentrated in the machine-tool-centered capacity of our current aerospace and auto industry. At a time when it would be futile to attempt to maintain current levels of sales of new automobiles, we must think in terms of keeping the high-technology aspect of those industries fully operating, by diversifying the work-load to include urgently needed national programs in infrastructure, such as a new, urgently needed, national grid for passengers and freight, as a shift from the threatened early physical breakdown caused by post-World War II overemphasis on highway transportation.

“The general objective of initial, stop-gap adjustments of that type, is to concentrate on mobilizing useful programs which are intended to preserve and strengthen the vital high-technology end of our national productive capacity, by mobilizing what are presently threatened with becoming lost productive resources, while we still have the option of keeping those vital capacities alive.

“Thus, although the presently skyrocketing petroleum price is not a reflection of current shortages in petroleum supplies, but, rather, a reflection of wild-eyed speculation in monopolistic efforts to buy up the world’s future petroleum stocks, we must begin to shift out of excessive dependency on combustion of petroleum products as a source of power for our nation, and the world at large. At the same time, the highway congestion and related logistical problems of our excessively highway-dependent national economy, require a marginally very large and rapid shift into mass-transport of goods and people, and a shift toward regionally produced hydrogen-based fuels to replace today’s relative dependency on consumption of petroleum and natural gas as fuels.

“There are also other major objectives to be served by such a reform, but what I have just said gives you the gist of the matter. . . .

“We need, immediately, large-scale programs of development of basic economic infrastructure which combine the utilization and expansion of cadres of highly skilled operatives and technologies, but which also absorb large numbers of otherwise unemployed semi-skilled and unskilled labor as an integral part of the same programs. The maintenance and expansion of the ranks of the highly skilled production operative, and the upgrading of the unskilled and less skilled through the same programs which are led by the most skilled, strikes the balance needed for large-scale expansion of productive, rather than services employment, on which the initial phase of a recovery-effort must be premised.”

Congressional action to fully fund AMTRAK, and start a railroad renewal and expansion is key to our national economic survival.