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Pence ran off rails with Amtrak subsidy

By: Tad DeHaven – December 8, 2013

For more than 40 years, Amtrak has relied on \$1 billion or more a year in taxpayer handouts to run slow, and often late, passenger trains. Indeed, the man considered to be the "father" of Amtrak, Anthony Haswell, recently said that he is "personally embarrassed over what I helped to create."

Passenger trains still can offer pleasure but are otherwise obsolete as a means for moving people from Point A to Point B. Rails are great for moving freight but just can't compete with buses, cars and planes when it comes to convenience and cost. Even worse, Congress treats Amtrak as a form of pork barrel, sending trains with an insignificant number of riders to remote areas of the country.

Congress did, however, take a step in the right direction in 2008 by requiring states to pay the subsidies for short-distance lines by 2013 or else the lines would be discontinued.

The Hoosier State, which provides rail service between Indianapolis and Chicago four days a week, was one of the lines. Until recently, the state resisted what it absurdly claimed to be a federal "unfunded mandate." Congress didn't mandate that the states assume the subsidy burden and keep the lines in operation. Indiana and other states were given a choice.

At the last second, the Pence administration chose to keep the Hoosier State in operation. In a deal reached with Amtrak, the state will split with local governments that have stops along the route the \$2.7 million needed to continue the line for another year. The line's occupancy rate is less than 50 percent, but the governor claims that the agreement "will make Hoosier jobs more secure and preserve an important transportation link for Indiana."

This observer is left to conclude that political expediency was the governor's underlying rationale because outside of politics, putting state and local taxpayers on the hook for the line makes no economic sense. According to a study penned by my Cato Institute colleague Randal O'Toole, the Hoosier State costs taxpayers 80 cents for every passenger carried one mile. And that figure doesn't include capital and maintenance costs. The figure was the worst of 27 short-distance routes across the United States and twice as bad as the next closest line.

Other than assuaging some local special interests and rail enthusiasts, it's hard to understand why the allegedly fiscally conservative governor of Indiana would support even a one-year deal to maintain the Hoosier State.

Decades ago, former U.S. Sen. Russell Long asked why the government was trying to get people "to leave a taxpaying organization, the bus company, and ride on a tax-eating organization, Amtrak?"

Someone should ask Gov. Pence the same question.