

## **Editorial: Feeding arguments for privatizing Amtrak, post office**

*Amtrak snack bars lose big money; postal service taps out its credit line*

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Most people nowadays understand that government and business do different things. The days are over of assuming government could profitably run a steel mill or a computer company. And, the evidence keeps coming in of government's shortcomings in running the enterprises it still controls.

This is vital as the California High-Speed Rail Authority prepares to start laying down

The federal government, meanwhile, for decades has piled up losses in operating the Amtrak rail system. Now comes a study detailing how even the snack bars on Amtrak trains lose money. According to the Heritage Foundation study on government waste, released Oct. 16, "federally subsidized Amtrak lost \$84.5 million on its food and beverage services in 2011, and \$833.8 million over the past 10 years. It has never broken even on these services."

How is it that many a hot-dog cart vendor can run a profit, but the gigantic, tax-free federal Amtrak system can't make any money on the concessions it sells to the captive customers on its trains? Well, if the hot-dog vendor doesn't provide a satisfactory product at a reasonable price, he goes broke and somebody else takes his place. If Amtrak similarly fails to satisfy its customers, taxpayers make up the shortfall.

Overall, Amtrak has soaked up \$40 billion in taxpayer subsidies since the government created the service to take over most U.S. passenger rail travel 40 years ago.

Then, there's the U.S. Postal Service. We've written about how it has missed \$10 billion in payments to its employees' medical retirement fund this year. Now, there's this. "The U.S. Postal Service in September hit its \$15 billion borrowing limit from the U.S. Treasury for the first time in its history, leaving the agency with only the revenue it takes in from selling stamps, shipping and other services to cover its operating costs," the Wall Street Journal reported.

Just since July, the USPS added \$2.4 billion in red ink. Yet its rivals, mainly UPS and Federal Express, earn profits and pay taxes.

"The Postal Service has enough money to get by for awhile," Tad DeHaven told us; he's a budget analyst with the libertarian Cato Institute. "So Congress won't rush back before the election to deal with it. But this is another milestone in the ineptitude and the failure of Congress. A radical overhaul of the USPS is needed, preferably privatization. Ultimately, the taxpayer will have to make up the shortfall. Right now, the priority of members of Congress is to get re-elected. They'll have to take it up next year at some point."

It's another example of those who run the government shirking their duties. Mr. DeHaven said, "The Postal Service is supposed to be run like a business. But can you imagine any private business that maxed out its credit line, then the CEO and the board of directors took a vacation on an island somewhere?"

We can't imagine that. Which is why the Postal Service and Amtrak should be privatized, and the California bullet train should never be built.