

## **Yes, it is stupid to blame lack of subsidies for Amtrak's derailment**

By Marc Scribner

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This morning, Amtrak Northeast Regional service was finally [reopened](#) following last week's tragic derailment in Philadelphia that has killed at least eight and injured approximately 200.

The National Transportation Safety Board (NTSB) continues to investigate and a final report will likely take a year or more to complete, but we know that the train was reportedly traveling at 106 mph right before it went into the 50-mph curve. By the time the engineer pulled the emergency brake, it was too late and the train entered the curve at 102 mph. The engineer is claiming he doesn't remember right before the derailment and may have been struck by a foreign object. Yet, the NTSB has reviewed the dispatch tapes and found that the engineer did not report being struck by an object—although the NTSB and FBI are [currently investigating](#) a mark on the windshield.

It is likely the Philadelphia derailment is largely due to human error. In a [similar 2013 crash in Spain](#), the operator was found to have recklessly ignored speed warnings before entering a 50-mph curve at 121 mph, killing 79 and injuring 140 when the train derailed and crashed into a concrete wall. In 2005, a [Japanese commuter train derailed](#) after it entered a 43-mph curve at 72 mph, killing 106 and injuring 562. The operator was killed, but he had likely intentionally increased the speed to unsafe levels.

Washington being what it is, partisans almost immediately began exploiting this tragedy for political gain, blaming Amtrak opponents for supposedly starving Amtrak of operating subsidies. Carl Cannon highlights [some of the more shameless examples](#) from Democratic groups and politicians, such as the Agenda Project Action Fund's claim that "Republican Cuts Kill... Again." They argue that Amtrak's alleged lack of sufficient operating subsidies has delayed the rollout of a set of rail safety technologies called positive train control (PTC). House Speaker John Boehner has rightly called linking Amtrak funding to the derailment "[stupid](#)."

But rather than learn from Speaker Boehner's accurate rebuke, New York Sen. Charles Schumer [doubled down](#), saying, "Speaker Boehner's comments are patently false. Experts have made clear that Positive Train Control could have prevented the tragedy in Philadelphia. It is simply a fact that insufficient funding for Amtrak has delayed the installation of PTC, and to deny a connection between the accident and underfunding Amtrak is to deny reality."

Yes, Sen. Schumer, it is stupid to make this absurd suggestion. To understand why it is baseless, you need understand a little bit about the history of PTC and Amtrak.

Amtrak was created in 1970 to provide emergency passenger rail service throughout much of the United States. The private railroads were dying under a stultifying regulatory regime, leading to many bankruptcies, with members of Congress fearing the U.S. would lose passenger and freight rail service. The railroads had been cross-subsidizing passenger rail for decades, but while they were circling the drain in the 1970s, the passenger service mandates became too much to bear. It was widely believed that Amtrak would be temporary, and that deregulated railroads would either retake control of the passenger routes or intercity passenger rail would simply end up in the dustbin of history.

Unfortunately, Amtrak has a small but powerful constituency and taxpayers have now doled out [more than \\$45 billion](#) in subsidies to keep Amtrak afloat. Amtrak accounts for [0.15 percent](#) of passenger-miles and [0.8 percent](#) of trips more than 50 miles.

Enter the [Rail Safety Improvement Act of 2008](#) (RSIA). RSIA Section 104 (codified at [49 U.S.C. § 20157](#)) mandated the installation of PTC systems on all intercity and commuter passenger railroads and large freight railroads by December 31, 2015. PTC harnesses new communications technologies aimed at improving safety and routing. This unfunded mandate had been opposed by the railroad industry, but was quickly adopted following the 2008 Metrolink crash in Los Angeles. While there are indeed safety benefits to PTC, as [Baruch Feigenbaum from the Reason Foundation notes](#), the costs are positively staggering:

Positive train control is one of several methods to improve railroad safety. While PTC can prevent accidents by using GPS, sensors, and other technology to stop trains remotely, the costs are astronomical. The Federal Railroad Administration (FRA) places the cost at more than \$13 billion to install and maintain a nationwide class I PTC system. Consulting firm Oliver Wyden estimated that PTC has a 20 year benefit between \$0-\$400 million. Even if all \$400 million in benefits are realized, the cost/benefit ratio range is \$1 in benefits for every \$20 spent on the system.

While not as lopsided as Oliver Wyman's estimate, the Federal Railroad Administration's (FRA) own benefit-cost estimate in the 2009 regulatory proceeding that implemented RSIA's PTC mandate estimated annual safety benefits to be \$90 million versus estimated annual maintenance costs of \$860 million ([pp. 140-144](#)). As the FRA [noted at the time](#), "Obviously a system which costs \$5.75 billion initially, and then costs another \$860 million per year to maintain does not make a lot of sense financially if the returns are limited to \$90 million per year."

Indeed, like virtually everyone who knows anything about the 2008 PTC mandate, the FRA was highly skeptical, but the congressional Democrats behind RSIA's all-pain-no-gain approach tied the hands of regulators. As the FRA [plainly stated in its 2009 rulemaking](#), "The costs would make the rule significant, and the costs would far exceed the benefits, but FRA is constrained by the requirements of [RSIA], which does not give FRA any latitude to avoid promulgating the proposed rule, or one which achieves the same ends."

So, while PTC technology can provide some meager safety benefits and perhaps could have prevented the Philadelphia derailment, most railroad fatalities are not caused by overspeed derailments or train-train collisions. Rather, they occur where railroads meet roadways, and often are the fault of drivers attempting to beat the train or stalled vehicles on the tracks.

But instead of working to improve grade crossings, which is where [around 270 people are killed every year](#) by trains, railroads have been forced to reallocate resources in an attempt to comply with the PTC mandate's wholly unreasonable 2015 implementation deadline. In addition, commuter railroads face a more than \$12 billion maintenance backlog to bring their existing systems to a state of good repair, which is a major safety problem facing rail transit throughout the country.

Both the [Government Accountability Office](#) and the [Congressional Research Service](#) have acknowledged that Congress's 2008 PTC mandate may be perversely having a negative impact on rail safety, as resources are diverted away from superior safety initiatives and into a largely ineffective politically selected technology.

While Congress deserves much of the blame for its absurd PTC mandate, it is important to remember that Amtrak is a uniquely dysfunctional entity. As the Cato Institute's [Randal O'Toole provides in this summary](#), a [February report](#) from Amtrak's Office of Inspector General found:

Amtrak employees are more than three times as likely to be injured or killed on the job as employees of BNSF, CSX, Norfolk Southern, or Union Pacific.

This poor record, says the report, is a direct result of a lack of accountability "at all levels." Employee injuries in 2013 were only one-twelfth as likely to result in disciplinary action as in 2009, resulting in employees who believe today that they "can ignore rules and safe practices with impunity." Safety is of so little importance in the organization that three out of four of the employees interviewed by the inspector general wrongly believed that Amtrak's safety record was better, not worse, than other railroads.

It is important to note, however, that while Amtrak's incompetence makes its railroad less safe, rail is still very safe compared to other modes. Only air travel is safer, [as Baruch highlighted](#) in his post. Rare accidents will continue to happen, even when PTC is fully implemented. But a problem the tragic Philadelphia derailment exposed is one the shameless Amtrak boosters in Congress will never address: passenger rail is the least resilient passenger mode.

As I said in the beginning, Amtrak service in the affected Northeast Corridor section was just restored this morning, nearly a full week after the derailment. Could you imagine if a similarly tragic pile-up or series of accidents closed parallel Interstate 95, which carries the vast majority of passenger traffic between Boston and Washington. Most of those trips are made by private automobile, but as Randal noted in 2011, private and unsubsidized intercity bus companies in the Northeast I-95 corridor [carried 50 percent more passengers](#) than Amtrak. Highways that close after major auto crashes with multiple fatalities generally reopen within hours.

The same goes for aviation, where crashes during takeoffs or landings may close an airport for just hours, such as [when Asiana Airlines Flight 214 crashed](#) at San Francisco International Airport in June 2013, resulting in three deaths and 187 injuries. After the September 11 terrorist attacks killed thousands, the national airspace system was fully reopened after three days.

Rail is inherently less resilient, which is one the major arguments against the system that supporters of perpetual subsidies of Amtrak ignore. I fully support privatizing the Northeast Corridor of Amtrak and winding down most of the unprofitable long-distance routes. But no amount of improved management would resolve passenger rail's inherent lack of resiliency.

There is no way to reasonably fund Amtrak out of this fatal flaw, and intellectually honest Amtrak boosters know this. What is intellectually dishonest is politicians like Sen. Schumer arguing that a lack of sufficient taxpayer subsidies is responsible for the Philadelphia derailment. As I noted, PTC is a horribly inefficient way to improve rail safety and Congress's misguided 2008 mandate likely reduced overall safety by forcing railroads to misallocate resources away from needed core capital improvements. So, contrary to what some of the more shameless elements of the political class, such as Sen. Schumer, have been arguing, Speaker Boehner was right: it's just plain stupid to blame allegedly insufficient taxpayer subsidies for last week's Amtrak derailment.