

by Gil Carmichael  
Senior Chairman, Intermodal  
Transportation Institute,  
University of Denver

In the early years of this century, I believe that we must build or upgrade about 20,000 miles of corridors capable of train speeds in excess of 90 miles an hour—double-tracked, equipped with CTC [centralized traffic control] and grade-separated. That network will be augmented by as much as another 10,000 miles of high-quality conventional routings. Together, they would comprise Interstate II, a high-efficiency network of steel stretching from coast to coast and from Mexico City to Montreal.

I believe that Interstate II is absolutely necessary. Growth trends in freight intermodal traffic are forcing us toward this approach. Without it, the railroads won't be able to handle the business. We also need Interstate II because freight moving in and out of our largest cities by highway is plagued by gridlock. Congestion is turning into strangulation. Finally, in selected markets, Interstate II offers the potential for expanded passenger service. An important element of Interstate II is the requirement to eliminate at-grade highway-rail crossings. Many can simply be closed because they are unnecessary.

Can we afford Interstate II? For the equivalent of two cents on the motor fuel tax this country could have within 20 years time a network of rail corridors that approaches the scale of the Interstate highway system. I am not saying raise the motor fuel tax by two cents or divert two cents of the existing amount. What I am saying is that for this amount of money we can build Interstate II. Determining the specific funding approach is a matter for the public officials involved, and they should keep in mind that the financing mix can include private investment and tax-exempt bonds issued by state governments.

However, I do believe that it is reasonable to reallocate existing trust fund money to this purpose. Current highway construction projects are not solving the gridlock problem. Gridlock gets worse each year. Massive urban highway projects mainly have the effect of relocating traffic jams to new locations—which then gives rise to future mega-projects that only perpetuate this dismal process. Furthermore, those who argue that highway trust funds should not be used for non-highway purposes ignore a fundamental reality. Today's highway user fees don't even come close to covering the costs that highway transportation now inflicts upon our economy and society.

One can argue that the evolution of Interstate II began with the congressional designation of five high-speed rail corridors nearly 15 years ago, augmented by additional routes in the TEA-21 Act. As FRA Administrator, I was directly involved in the negotiations which led to that decision. I had very high hopes that we were launching a new era of intercity passenger service. But progress has been painfully slow. I believe that Interstate II will be the result of initiatives by several states, whose commitments eventually will compel the federal government to get off the dime.

This may seem an odd way to go about it. Consider the evolution of the Interstate highway program, which most people use as the benchmark for the modern highway era. But states had already taken the lead. Granted, the Pennsylvania Turnpike, which opened in 1940, gained impetus as a New Deal public works project. But toll highways built through the sale of tax-exempt bonds were begun in the late 1940's and early 1950's in New York, New Jersey, Ohio, Indiana, Illinois, Kansas, and Oklahoma. By the time the Interstate highway bill became law in 1956, it already was possible to drive from Chicago to the Atlantic coast entirely via modern, interstate-class tollways. These state-sponsored routes provided the first installment of what emerged as the

Interstate Highway network.

I believe that the momentum for Interstate II will come from the states because none of the institutions one might expect to exert leadership have shown any willingness to do so.

Congress talks intermodal, but when Congress ... vote[s], they vote for traditional highway projects. The mindset on Capitol Hill really hasn't changed during my adult lifetime. I wonder how many members of Congress are even aware of the scale and impact of the freight intermodal revolution of the past quarter-century. I have great respect for the U.S. Department of Transportation. I have many friends there. DOT sat on the sidelines during the intermodal revolution. It is still organized along modal lines. Even worse, DOT's leadership is not influential in Washington.

Absent action in Washington, the states will have to take the lead. I believe that this is the best outcome. For one thing, it is probably true that only a half-dozen corridors in the U.S. offer potential for immediate upgrading to high-speed passenger service that will attract sufficient ridership to justify the expense. The others will require a gradual buildup through conventional rail service. The states will do a better job of analyzing the opportunities and selecting the strongest projects. ...

This is a major undertaking. I believe California is uniquely positioned, along with a handful of other states to take the lead and make it happen. I urge you to lend your active support.

## N.J. REP GRILLS LANEY ON

**Congress is clearly not taking Amtrak Board statements at face value. Rep. Bob Menendez (D-NJ) at the LaTourette committee hearings Nov. 15 subjected Amtrak Board Chair David Laney to an uncommonly direct cross-examination concerning discussions with private parties about purchase of Amtrak Northeast Corridor assets. Seems like Menendez thinks there is more going on than has been told:**

**Menendez:** Mr. Laney, in the Strategic Reform Initiative report ... it says ... "the board and management have extensively studied a number of recommendations calling for the Northeast Corridor infrastructure to be moved into a separate entity. We have reviewed models for such a structural split adopted and implemented in other countries with varying degrees of success. This step in the overall reform process remains an option for continued review. We have decided for now however, that the cost complexities and risks of such a split within Amtrak outweigh the benefits. Consequently we have concluded that separation of the Northeast Corridor assets for its operations is not advisable at this time." ... At this time.

**Menendez:** And then I look at your testimony today on page three. Among the strategic initiatives are competition and private commercial participation. And then on page 4 where you go on to [mention] ... separating the accounting and financial management of these distinct business operations. But you say it's not a prelude to an asset sale or the privatization of Amtrak. The board supports neither at this time. At this time... My question to you, reminding you that you are under oath is, One: Have you or any other board member spoken to any individual or group of investors seeking to purchase the capital assets and get huge tax breaks on operating losses. Yes or no.

**Laney:** I'm going to have to answer like Mr. Rosen did. I've spoken to people who are adamantly opposed to it and people that are adamantly in favor of it.

**Menendez:** So, you have spoken to individuals who are interested in buying the capital

By Paul M. Weyrich

Readers of this commentary know that over the years I have had a fair amount to do with Amtrak. I worked on its creation with the then General Counsel of the Federal Railroad Administration (FRA), Robert R. (Bob) Kessler. Later three Secretaries of Transportation appointed me to a total of six one-year terms on the Amtrak Board. The Majority Leader of the United States Senate subsequently appointed me to the newly created Amtrak Reform Council, upon which I served as Vice Chairman for five years, first under Governor Christine Todd Whitman and then under former Federal Railroad Administrator and Amtrak Board Member Gilbert Carmichael. Our recommendations later were echoed by the Bush Administration, which has shown little interest in Amtrak. For example, the Amtrak Board is to comprise seven seats. One Amtrak Member had been appointed by the President and confirmed by the Senate. Two Members are recess appointees whose terms expire on December 31, 2006. The status of another appointee has been questioned in Congress. There are three vacancies. There have been vacancies through much of the Bush Presidency. The present Board terminated Amtrak President David L. Gunn.

When I was on the Board the legendary W. Graham Claytor, Jr. was president of

assets, the infrastructure assets for the purposes of being able to achieve depreciation losses, yes?

**Laney:** I don't have any idea what they're after, what they are going to achieve.

**Menendez:** Clearly, you have spoken to individuals based upon your answer who are interested in buying the capital assets of Amtrak along the Northeast Corridor, is that a yes?

**Laney:** Yes.

**Menendez:** Thank you. Who are those individuals?

**Laney:** I don't know the names of those individuals. I don't recall them. I can get them to you and get back to you.

**Menendez:** Well I certainly want the committee to have those names.

**Laney:** Absolutely, my guess is that they've spoken to a number of members of the committee as well.

**Menendez:** Have they provided names to you of individuals who are interested in purchasing the capital assets.

**Laney:** Who.

**Menendez:** You said individuals of the committee.

**Laney:** No. No.

**Menendez:** Have members of the committee approached you about individuals?

**Laney:** No.

**Menendez:** Well, when you said you spoke to members of the committee.

**Laney:** No. I know a number of these groups that have concepts in mind have approached a number of members in the house and in the senate with their concepts.

**Menendez:** And they also approached you and members of the board.

**Laney:** Oh. I don't know about members of the board but they certainly approached me.

**Menendez:** And you had conversations with them about selling the capital assets.

**Laney:** I've had conversations listening to their concepts.

**Menendez:** Uh huh. Has the Administration