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"Sharpening the focus and honing the strategy"
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(Partial Transcript)

[Introduction and initial comments omitted from this transcript due to technical difficulties.]

Do we do it with DMU's [diesel motor units]? Do we do it with long-distance dome liner trains with full service diners? Do we do it with an all-coach train with overnight service with no sleeping cars but with a diner?

There are a thousand ways in which this [national passenger train] network can be put together, and I think sometimes we get too worried about the details and we're losing sight of what the big picture is.

What is it going to require? Is there anyone in this room who does not believe it is going to take public funding? Is that unanimous? We all agree it is going to take public funding to realize this kind of a system.

Okay. Then there is absolutely no disagreement in this room that we require legislation. Is that right?

Well, guess what? At both the federal and the state levels. And guess what legislation requires? It requires votes, majority votes from legislators. Not all of them, but a majority.

And guess what also it requires? Cooperation of the railroad monopolies. Now I say "monopolies" not in the pejorative sense but in the practical sense that all of our nation's vital rail transportation infrastructure is controlled basically by seven CEO's. Eight, if you throw in the finks in New England. And we're not going to get anywhere by attacking.

We've got to do something which is going to make it in their business interest to want passenger trains and dealing with them is not always going to be easy. But has often has been said, "The difference between rape and seduction is salesmanship."

So, I think there is an important point here is that in order to gain the railroads' cooperation and even enthusiastic support, we have to consider measures that they will perceive as being in their best interests.

And last, we have to have some appreciation of those economic interests that are going to be threatened. Some of them I can

immediately think of would be the highway and transit interests as we go after a piece of their highway trust fund.

It's arguing who gets a slice of their pie and if the pie doesn't get bigger, then all of a sudden we're going to have people who see us as a threat. We don't want people to see us as a threat, so perhaps maybe we don't want to tell people a lot of things about what we see as the favorable consequences of what we're doing.

And maybe there are some people who think maybe they don't want the rail genie out of the bottle because they're afraid that once it gets out of the bottle, it will never get back inside. And these could be land developers, it is certainly in the real estate interests to continue to promote [urban] sprawl; the oil companies; the automobile companies; and, as a former resident of Texas, I am very well aware of what an effective political organization Southwest Airlines is as far as preventing the development of any high-speed rail or any [passenger] rail in Texas.

Let's move on to changes in our external environment. As I said before, problems drive action.

Number One. Oil. Our whole society, the way we live, the structure of our life is based upon the wide availability of cheap oil. That's over.

We may see spikes and we may see valleys but the long-term I am convinced oil is going to become a much more expensive commodity. It is going to be a weapon that will threaten our national security and the reliability of supply is going to be a constant risk to our economic foundations.

Second is congestion. There is no solution to highway congestion. Think of congestion in economic terms. Too much demand for too little capacity.

In a market system, when you have demand exceed supply, what happens to put them in equilibrium? Price goes up, right? There is no market price on the use of the highway system, as much as the highway people like convince us that it is a capitalist, market-driven system.

The only thing that limits the use of the highways which are a valuable mobility asset are their capacity. Therefore, unless you start imposing a pricing strategy that increases the price and reduces the quantity of demand, we are always going to be in a state of congestion. There is absolutely no way to build out of it. And all it is going to do is promote more sprawl and as things get further and further apart, we're going to have to

drive more and more miles to accomplish any given task.

As we see, population isn't growing but vehicle miles are because things are more spread out. We are rapidly approaching what I would call the dead end of an unsustainable path. And of course when that happens, people are going to go through the stages of the terminally ill: anger, denial, bargaining, and finally acceptance.

In other words, there's a lot of angst before you get to acceptance. I think it is very clear that the people who have choices as these new realities begin to emerge and more and more people begin to see them.

The people who can best adapt to these new realities are the people who have choices.

And the people who have bought these wonderful homes in the suburbs that are completely trapped in automobility are going to find their properties declining in value because the price of fuel is going to continue to rise. Its availability and reliability are going to be awful and long-term I think in the next 50 years congestion and oil are going to change American life and culture as much as the Interstate Highway System changed it in the last half century.

Now, as I think it was Yogi Berra said, "Predictions are difficult, especially when they are about the future."

So, do we know? No. Do we want to bet our economy and our way of life and our quality of life that it won't happen? I wouldn't.

We also are facing global competition. At the Texas Transportation Summit, one of the most important things that [U.S. Representative] Pete Sessions [R-Texas] was complaining about was, "We can't move the products we make in this country to the ports to export 'em. There's so much congestion."

He wasn't thinking about all the stuff that's coming in at that [inaudible], but it begins to give you the politicians' perspective of jobs, our economy and what it takes to keep our people employed, and it's transportation and mobility. Congestion everywhere is thwarting that goal.

The problem is that in the halls of power does anybody seem to realize that rail is a solution to so many of the problems that we face.

I think I hit a nerve. That's a message. That's a key message. Rail is a solution to an awful lot of the problems that we are currently looking at and all our current leaders are doing is

tinkering at the edges of the status quo.

Like the English were developing coal [inaudible] and the Dutch were continuing to try to perfect wind power. The English continued to fuss with coal while we developed oil. While we continue to fuss with oil, somebody else is going to find something else, but the interesting thing is the only thing other than ships that can work on nuclear power with current technology are trains.

Trains are the only thing with current technology that can do high-performance transportation with electricity. Think about it. We're not ever going to have a nuclear plane, I don't think. The lead shielding would make it hard to get off the ground.

Electric cars are.... Let's put it this way, all of the things that are going to be required to make cars less polluting, more energy efficient require technological breakthroughs that are not guaranteed.

Rail is a demonstrated technology that can use electric power directly from catenaries. Rail also has low emissions. It has a small land footprint. Minimal environmental impact. It is not something that generates sprawl.

So it is up to the government. The government has gotten into providing transportation choices. Why is the government involved in transportation? Didn't used to be. In a great sense we had a privately-financed transportation system for a large part of the 19th early 20th century.

Trolleys. Interurbans. Steam railroads.

But the public didn't like it. There was a great push from the farmers for alternatives to the monopolistic practices of railroads that made it expensive and difficult for them to get their products to market. The anti-railroad movement transformed into the good roads movement.

But fundamentally transportation infrastructure creates a lot of wealth. We're down to the owner of the infrastructure.

Walt Disney found that out when he built Disneyland in Anaheim (California). He created a lot of wealth around him for motels and hotels and he didn't make that same mistake again when he built [Walt Disney World in] Orlando. They bought all the land, almost the whole county.

So the point is that government has gotten involved in transportation because it benefits so many people in so many ways that don't necessarily relate to the people who own it. As [U.S.

Secretary of Transportation] Mary Peters said in her testimony before the [U.S.] Senate Appropriations or Senate Budget Committee, don't hold me to the specifics here but the quote, and I'm paraphrasing here, "Transportation lies at the core of the freedoms we as Americans enjoy."

That's a pretty powerful statement and it is probably one of the best justifications for why government needs to spend money in insuring people's mobility particularly when you consider out of an STP [Surface Transportation Project] report that one of out three Americans, is too young, too old, too poor or too smart to own an automobile.

What are some of the available vehicles? Specific things going forward that we can do.

Number one. I think it's essential that we keep Amtrak [National Railroad Passenger Corporation] and the national [passenger train] network going. No one is going to build a new system on the ashes of Amtrak, and I think there very strong indications that [Amtrak President and CEO] Alex Kummant's new team are going to bring some major positive transformations to Amtrak.

But that's a necessary but not sufficient [inaudible], we need something that is going to jumpstart this movement. That's going to break out of 36 years of stagnation and deadlock. Something that is going to put big bucks into intercity rail.

And the biggest need right now is for capital. Capital for tracks, signals, grade crossings, stations and equipment [rolling stock].

Q: Grade separations?

Grade separations. Grade crossings. Enhancement by whatever means.

How are we going to do that? What is the best chance we have of getting those big bucks, that capital?

Federal-state partnership for intercity passenger trains. Notice I said "passenger trains," not "passenger rail." People ride trains, they don't ride the "rails" unless they are trying to avoid the fare.

Current proposals are tax credit bonds, which would put it outside the annual appropriations trap and do multi-year funding. It would also be outside of Amtrak's control.

And as Alex Kummant told me when I had a meeting with him shortly he became President, "Amtrak has an image problem. We have a much

better management team than people think we have, but people don't trust us yet. We've got to get out and we've got to demonstrate that we can actually execute programs effectively, within budget and on time. We can do it but we haven't demonstrated it yet and we need to."

But Amtrak comes with a lot of baggage, so with a federal-state partnership program, control passes to the states and the federal government and increases the chance that we're not only going to get service that is focused not where Amtrak to do it, 'cause every time Amtrak's gotten money it is all generally tended to go to the northeast, and it will spread the wealth, which is more likely to get the political support it needs.

Third benefit is it gives us our own pie, a whole pot of money devoted to intercity passenger trains. We're not competing with transit. We're not competing with the highway folks. We're not competing with the air folks. We're not competing with the [U.S.] Army Corps of Engineers. It's our own little pie. So that's another advantage.

And, critically, let's get the program started, because programs once started have a tend to grow. Programs tend to grow, and even the administration has embraced the concept and funded it.

So, I'm like a Russian. What's mine is mine. What's yours is negotiable. You've just given me the program. You've endorsed the concept. You've even funded it. \$100,000,000.00. I don't like the amount but you put money in the concept. Let's bank that and now go on and I'll take another bite out of your hide.

Ultimately, if we can get this pump primed and we can start getting results like California is getting, like Illinois is starting to get, we can start to get some big bucks into the infrastructure which is going to reduce trip times, increase the reliability, increase the capacity for more frequencies. We're going to start building and generating a critical mass, which ultimately becomes, whispered, another entitlement that you can't take away.

We're not there yet, but volume, critical mass is essential to creating that kind of momentum to keep a program running and growing.

Another thing we can do is work with the railroads on their investment tax credit. This is something that is currently in process. Railroads have tried to sell this based up, "We're going to get trucks off the road." It didn't even grow legs in a Republican Congress. It ain't going to grow legs in a Democratic Congress 'cause there's no demonstrable public benefit and the public is going to say, "So you take a few trucks off the road."

What the public will see is that passenger trains are a visible, demonstrable benefit that people will use. Passenger trains are the ticket for the railroads to get federal funds into their infrastructure. Some railroads are more willing than others, but as I said, salesmanship is required.

We need to offer them a business deal wherein you get a basic tax credit but you get the tax credit only if you deliver the passenger trains on time 90%.

These are for examples. Deliver it 80% to 90%? You get half the tax credit. Under 80% you forfeit the tax credit that year. Get 'em up to 92% you get a bonus of 5%.

Add service. Reduce trip times. You get another bonus. So what you're basically doing is you are giving the railroads a business proposition. Take it or leave it. No regulation. No controls. Just performance measures which I'm sure will give lawyers a lot of full employment work.

But the concept of making them a willing, enthusiastic partner is going to be a lot better than trying to fight them to the Surface Transportation Board or in court, because they have the resources to grind anybody down. And as we have seen, a willing partner, is a good partner.

And even Union Pacific here in Chicago runs Metra trains with superb on time performance.

Santa Fe is able to deliver trains with good on time performance.

Depending on the priority the CEO at the railroad sets to it, they can do a good job or a not so good job. And when they need infrastructure to be able to support additional frequencies, it is important that they understand and have the resources to work with state partners to put Amtrak or whoever is going to be doing the service providing [inaudible], that there are many pots of money they can use to get the grants to make the infrastructure improvements that will benefit not only the passenger service end of it, but will also help make their railroad higher capacity and more fluid for the business that they do.

But it is the fig leaf of public benefit that is required in order to make this a really acceptable proposition to the American people.

So, I was getting back now to the legislative vehicles that we currently have.

We have the Lautenberg-Lott Bill S.294 that has been introduced. It re-authorizes Amtrak. It maintains operating support, which is

directly in contravention to what the Bush Administration has told me they want which is zero federal operating support. Period. End of discussion. They are not the slightest bit interested in improving efficiency.

They wouldn't be happy if they could triple the number of passenger miles and hold the operating support the same. They just want to get rid of the operating support, which basically means no trains.

The Lautenberg-Lott Bill also establishes a structure, a framework for a federal-state partnership. It needs funding and there are maybe a couple of funding bills but nothing has been introduced.

But in the [U.S.] House there's Steny Hoyer's [D-Maryland] H.R.1300 which includes the provision of RIDE-21 which would provide \$12 billion in tax credit bonds for federal-state partnerships.

And the problem is it has over a hundred co-sponsors but they have made no outreach to any Republicans in the House. But Steny Hoyer is probably the second most powerful Democrat in the House and the word is that he has greased skids for this bill. It has already gone into six committees almost simultaneously, all of whom need to work on it and apparently the reception in the committees is going to be not hostile.

So we can see what happens there but it definitely needs some Republican bi-partisan support.

And of course down the road there may be an opportunity for a fuels tax increase and, if that is the case, perhaps maybe we should be part of that as a grand bargain, the intercity passenger trains get included along with transit and with highways as part of a grand bargain to raise the fuels tax. Whether we call it a "fuels tax," or call it an "infrastructure tax" or "mobility tax," again that's something we can work out today or in the next couple of weeks or years.

About the role of advocates, we have no power. We don't make the decisions. We don't pass the legislation. We don't run Amtrak. We don't run the railroads. But we have what I call "I-cubed tools:" innovation, information and inspiration.

By "innovation," I mean new ideas, new ways of thinking about things. New ways of framing issues.

By "information," I mean facts to replace myths that currently drive policy. Myths like, "People won't ride trains overnight" because policymakers equate that with the night flights on

airlines—the “red-eyes.” They don’t know.

We did work. We looked at Savannah, Georgia, because it has a day train that operates out of Savannah to the north and two night trains. Well the *Silver Meteor*, which is overnight, boards as many people and deboards in Savannah and northern points as the *Palmetto*. If you add in the [*Silver*] *Star*, it’s 30% more people who are making overnight trains to and from Savannah than are making day trips.

The second myth of course is that somehow because people are only—the average trip is 200-400 miles that the train should only run 200-400 miles. Well, we did a little work on that, too.

The Northeast Corridor really is a metaphor or a model for what I call the long-distance routes because it covers eight states and all of the problems of providing service through eight states are manifest in the Northeast Corridor if it were all devolved to the states. You would have chaos.

In terms of funding, you would have chaos. You wouldn’t have service.

Interestingly, between New York [City] and Washington, end points of which most of the spine trains run, only one in five passengers rides between those end points. So don’t tell me that just because the trip is this long because of overlapping city-pair markets the train should only run that far. Whole lot of efficiencies and economies by being able to serve a variety of different markets and these are a part of the information package.

Then I talk “inspiration.” We have to be vocal and we have to make our voices appear to be louder and more numerous than we really are.

One of the interesting things when I first met Alex Kummant, he walked in, shook my hand, shook Ross’ [Capon, Executive Director, National Association of Railroad Passengers] hand, shook David’s [Johnson, Assistant Director, National Association of Railroad Passengers] hands and he says, “I know about NARP. They can make the phones ring.”

And we can. And we have a lot of techniques for doing that. And when we hear senators say that they get more e-mail, more letters on Amtrak than they do on Social Security, it shows that we can have an impact.

We can’t marshal the troops all the time for all of the votes. We have to use strategy. Save your resources for where it’s important.

And as Rick [Harnish, Executive Director, Midwest High Speed Rail Association] mentioned, we fracture along so many lines. Is Amtrak part of the solution or part of the problem? Is it long-distance or short-distance? Everybody of course has their regional and parochial perspectives. I understand that.

I've lived all over the country so my parochial perspectives tend to be national. I'm interested in all of it because I know it all hangs together. Maybe I won't use the northeast corridor in the next three years but maybe in four years I'll be very glad it's there.

I may use the *Surfliners* a lot and not care too much about the Illinois trains but sometime next year I might be making a trip on one. I'm glad they're there.

A lot of these fractures, if we can rise to a higher level, get above the trees and see the big forest, the big picture. What is it we need? We need big public bucks in infrastructure and we need to find vehicles to do it and to do it in ways that are politically acceptable and understandable by the American people. We will have advanced our cause forward light years in working to break this deadlock and stalemate that we have.

In order to do that, unity of message is essential because one thing politicians will not do, if we as advocates come in and say, "We want this. No. We want this."

"Guys. Go get your act together. When you figure out what you want, come tell us. We're not going to solve intra-organizational feuds."

So, until we can come together behind something that is compelling, concise and clear, we won't get anywhere. So we need clear, compelling and concise and we also to build what I call credibility-enhancing alliances.

Let me explain. We're NARP. We have somebody here from the Sierra Club, right? Who's here from the Sierra Club?

Yes. Molly [McKay, National Corridors Initiative]. Molly's from the Sierra Club. When you mention the Sierra Club, does everybody have an image of what the Sierra Club's agenda is? So you know what the Sierra Club's agenda is so you know they're predictable in terms of what they are going to support and what they're going to oppose.

We're predictable in terms of what we're going to support or what we're going to oppose. So that's why adding other people who don't necessarily share our agenda are so vitally important to enhancing our credibility.

For example, AASHTO [American Association of State Highway and Transportation Officials], the highway folks, thanks to Joe Boardman [Joseph H. Boardman, Commissioner, New York State Department of Transportation, and Chairman, Standing Committee on Rail Transportation [SCORT], American Association of State Highway and Transportation Officials], issued a report that said we need a national passenger train system and we need to develop some routes with higher frequencies.

Some people say we need "corridors," I simply say those are route segments with higher frequencies.

APTA [American Public Transportation Association] has weighed in on behalf of maintaining a national [passenger train] system. That's important. APTA is not perceived as being train huggers.

We are.

And now we have the States For Passenger Rail Coalition which is now up to 30 members. Thirty state DOT's who have broad-ranging responsibilities who are working very hard to craft a fundamental agreement among them that they can sell to Congress and that I think we can support which is a proposition of tying this railroad investment tax credit to passenger service

So, just one last thought about the creative process. It's missing. And if we get into the early afternoon and we don't have anything agreed upon, that's normal. But ultimately I believe out of this messy process common sense does prevail and I'm going to give you some thoughts about things that I have actually seen work in practice and learned years ago when my first employer, Generous Mills, sent me back to Massachusetts to learn how to be creative in groups and it was amazing.

They showed us and demonstrated how much more effective we were when number one we listened to the other guy. How many times do you find that we actually listen to each other? We don't. We are so focused on what we want to say that we're not listening to what you're going to say.

Number two: be positive. In this class, one of the tickets to being able to talk was being able to send back. Have you just spoken before me? I have to say back to you Royce [Williams, Wisconsin Association of Railroad Passengers] what you just said to your satisfaction. If I couldn't, then I couldn't say anything. And then I had to take what you said and find something I liked about it and to build on it.

Being positive, being open-minded. As [Albert] Einstein said, "If at first an idea is not absurd, then there is no hope for it."

Occasionally, people are onto something but it's not a fully-formed idea. It's a kernel. It's got an ugly pod around it and so frequently that's a rotten bean but it's got a real gem inside it. Look for the gem because frequently it's there, particularly when you are looking for the positive, looking for something to build on. It is so easy to be negative. You can kill a good idea with a few harsh words. And you'll not only kill an idea, you'll make an enemy. It's guaranteed if you dump on my idea, I'm gonna get you when you have one.

I hope at the end of the day we'll have some basic agreements about some fundamental and important things.

Just remember, to recap: we need to have agreement about broad goals and I think we do: modern, national, customer-focused, heavily used, that we need public funding which is going to take legislation, that we need major capital investment, probably the best vehicle for that currently is federal-state partnership program, the external factors like oil and congestion, environmental impacts, and the successes in the states are all supporting our effort.

We have a message to get out there. Rail is part of the solution.

There are some current legislative vehicles available to us that we should support.

That our role is innovation, information and inspiration. That's our role as advocates.

We need our alliances that will build our credibility and, if we embrace the positive, look for the good, and use the Russian strategy of "I'll bank that, now what next have you got?," I think that we will begin to see a break in the stalemate that we have had for 36, 37 years and we'll be able to start bringing some major public funding to intercity passenger rail.

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