

## Privatize Amtrak?

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The Reagan administration wants to privatize Amtrak, the railroad system now operated by the government. This desire is based on the belief that government should not be providing services that can be provided just as well or better by free private enterprise. The question is not whether the federal government should be operating passenger trains but whether it should continue to subsidize their operation. Privatizing would mean making Amtrak a private corporation which would have to support itself entirely from the fares collected from those who ride the trains.

The opponents of privatizing claim that no subsidy would mean no trains, that privatizing would kill Amtrak. At best the remaining service would be limited to the Northeast corridor. It is scarcely possible to find any instance in the U.S. today where either commuter or inter-city rail passenger service is being supplied by private enterprise without government subsidy.

Does the fact that rail passenger service seems unable to exist without government subsidy mean that railroad passenger trains are obsolete? Does it mean that carrying passengers by rail is an outmoded way of doing it which ought to be allowed to die a natural death? No. The fact is that the air lines and the bus lines could not survive either without the subsidies they are receiving directly and indirectly.

Let us examine the economic facts related to public passenger transportation systems to see whether government subsidy can be justified. Let us start with the premise that a service, such as transporting passengers, ought to be paid for by those who benefit from the service. Are those who ride the trains or the buses or the planes the only persons who benefit from a passenger transportation system? We Georgists certainly know they are not. When a rapid transit commuter rail system, for instance, is extended into a new area, every landowner in the area benefits whether or not he or she rides the trains. Land values go up in proportion to the nearness of the land to the rail line stations. The lower the fares charged for riding the trains, the more land values will rise.

To eliminate all government subsidy of rail passenger service would be to fail to collect from everyone who benefits from the service. This argument is valid even though we have a faulty tax system. In the absence of the correct distribution of the tax burden, government subsidy nevertheless causes those who benefit from the rail service without riding the trains, to contribute, though it may not be the correct amount. The balance between revenue from fares and from government subsidy should be based on such questions as how high the fares can be raised without losing passenger volume.

Based on the above economic considerations, I believe the correct Georgist answer to the question is that Amtrak should not be privatized. It goes without saying, of course, that complete economic justice cannot be obtained until the source of the government revenue used for the subsidy is land value taxation.

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COOPER UNION of New York has issued a deck of playing cards with cartoon portraits of famous persons who have spoken in its Great Hall: Henry George (he appears on the Seven of Hearts), along with 51 other celebrities - Abraham Lincoln, Horace Greeley, William Lloyd Garrison, Frederick Douglass, P. T. Barnum, Red Cloud, Woodrow Wilson, Bertrand Russell, Eleanor Roosevelt, Orson Welles, etc. George was nominated for Mayor of New York from the platform of the Great Hall in 1897. In 1954 a Georgist assemblage took place there on the 75th anniversary of Progress and Poverty. Lawson Purdy spoke and said he had nominated George from this platform 57 years earlier. Poker, anyone? Or just for inspection, we have a deck of the cards at New York headquarters.