Santa: More Planes than Trains. Why?

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Volume III. No. 24. December 27, 2011

Financially struggling AMR, parent of American Airlines, finally filed for bankruptcy protection and reorganization at the end of November. A December 3 AP article in the RTD indicated that this was the 189th time a U. S. airline had done so since deregulation in 1978. The same article reported that in the past decade U. S. airlines have lost a combined $54.5 billion. Yet, airlines keep ordering new jets. Less than six months ago, American announced an order for 460 new planes, from Boeing and Airbus, the delivery of which is set to begin in 2013. Reequipping the fleet is a cornerstone of American's near-certain exit from bankruptcy and, hopefully, of the company's return to at least marginal profitability. How could this be?

Contrast this with Amtrak, arguably no less "profitable" than American. Amtrak transports ever-increasing volumes of Virginia passengers in rail cars that are about forty years old. Much like the old American planes being replaced by the new Boeing and Airbus jets, Amtrak's *Amfleet,* to which we refer, is high maintenance, and replacement of such equipment by new state-of-the art coaches could save Amtrak a bundle. Why then does Amtrak not do as American is doing? Just order, *via an equipment leasing company*, a replacement fleet.

An adequate answer would require a more detailed explanation than space here permits, but in a phrase, it is "*U. S. industrial policy*", something that economic free-market theorists decry, and something that many would deny exists! Going back to World War II, the U. S. prohibited production of new and better rail passenger cars and of most diesel locomotives as result of the War Department's effort to ration resources and channel them into making ships, guns, trucks, tanks and planes. That is why the WWII GI generation traveled around the U. S. in rattle-trap WWI-vintage rail coaches and sleepers, with the result that most of those veterans resolved never to ride a train again if they could avoid it! In addition, virtually all resulting rail profits were confiscated by war taxation policies. There was no Marshall Plan for U. S. railroads.

The federal government's WWII-related aviation R&D assets provided a superb launch platform for our modern commercial aviation industry. There was nothing comparable in rail. In fact, there was only worn out track and equipment. Private railroads, seemingly oblivious to not-so-subtle policy changes in Washington, made one last costly effort to reequip themselves with *streamlined* passenger trains after the War. The passenger car-building industry in America responded with mostly pre-war designs. It proved to be too little too late. Introduction of commercial jets, and the Interstate Highway System, ended any hope of revival. U. S. rail car builders folded. They are no more! No so with European and Japanese high-speed train builders.

World-wide standardization of aviation operations and the mass production of compatible aircraft were essential. U.S. passenger rail operations and designs are often not compatible abroad. Public financial support for the builders, owners, and operators of aircraft was also critical. The result is a single world-wide market for planes, but not for trains. If AMR goes broke again, their new planes can be repositioned anywhere in the world. Not so for Amtrak equipment, designed to meet AAR/FRA (freight) rail standards. That's just part of the challenge. More in another column later. In the meantime, Happy New Year! #######