

# Uncle Sam, Sugar Daddy

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Those of us who have long advocated first-tier treatment of rail transportation (freight, commuter, urban transit and inter-city passenger) by public-sector transportation policy-makers are sensitive to criticism. This usually comes from those who subscribe to the view that the “market place” [never defined] ought to decide what is built and operated. By extension of such thinking, we presume that the proponents contemplate that private “capital markets” will respond, 100%, to the resulting “investment opportunities”. If we understand correctly, one of the two candidates currently running for governor of Virginia would probably fall into such group of philosophical dreamers.

At the federal level of government, one of the most strident critics of Amtrak has traditionally been John L. Mica, (R), who represents the 7<sup>th</sup> District (Orlando area) of Florida in the U. S. House of Representatives. Famous, or infamous, for describing Amtrak as a “Soviet-style” organization, and other less charitable characterizations, Mica would be sympathetic with other congressional critics who would eliminate Amtrak food service. In true ultra-conservative style, Mica has long championed “privatization” of the Northeast Corridor, which by now has been largely discredited as a solution, even by most conservatives. Few congressional critics of Amtrak bother to get all the facts.

No question, Uncle Sam is overextended in his role as our “Sugar Daddy”. Consider the “sweet” deal available to sugar producers [WSJ Sept. 1 and 5.]: Reportedly, the 2008 (Bush Admin) Farm Bill includes a scheme to protect producers of sugar at the expense of the taxpayers and consumers alike! *“During the fiscal year ending in October, the government has lent \$1.1 billion to sugar processors, secured with 2.6 million tons of the sweetener.”* If prices rise, the borrowers can sell their product in the marketplace at a profit, but if the price falls, they may simply default, turning the sugar over to the U. S. Department of Agriculture. The Journal reported that: *“USDA (recently) bought sugar from a domestic producer and sold it at a loss of \$2.7 million to an ethanol producer.”* Two very questionable transactions, among many buried in recurring farm bills.

With the possibility of another government shutdown looming over the debt ceiling and budget, watch for reporting of 2013 Amtrak financial performance. We will be very surprised if Amtrak’s fiscal year results (ending September 30) do not once again reflect measurable progress. With more people riding trains, higher fares, the implementation of additional state sponsorship of trains, and with ticket revenue driving operational “cost recovery” (now 80+%), Amtrak may well turn out to be the federal transportation program that comes closest to being *operationally* self-sustaining. Absent a big increase highway taxes, Amtrak may soon become more financially self-sustaining, relatively-speaking, than the federal highway program (referring to O&M, not capital).

Mica does have a soft spot in his legislative heart for rail, for “Sun Rail”, a new commuter rail service in Orlando, for which he has obtained federal funding.  
Consistency is not a hallmark of our U.S. Congress. # # # #