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NEWS CLIPS

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What's It Take to Be Middle Class? A Job

CNBC

What does it take to be middle class in America? The timely answer seems to be not home ownership or a college education, but a good job.

In a survey released late last month, 86 percent of the 2,000-plus Americans polled by the Pew Research Center put a secure job at the top of their list of requirements to qualify for the middle class. The next most-popular answer was health insurance, which made the list for 66 percent of respondents in the survey, conducted in July.

Owning a home was considered a sign of membership in the middle class by only 45 percent of those surveyed. Having stocks or bonds rated for only 28 percent.

The importance of work and health care may be a reflection of how the recent scarcity of both is threatening many Americans' place in the middle class. The poll found that 15 percent of those surveyed had lost their job in the last year alone. "For those self-described as middle class," noted Wendy Wang, the study's author, "it's only a little better, at one in 10."

Even having a job doesn't appear to offer any guarantees. Of those who were working, 20 percent told Pew they still had trouble getting health care for themselves or their families. Eighteen percent of working Americans had problems paying their mortgage or rent. (Both figures were significantly higher for the unemployed.)

Wang and her colleagues modeled their study on a 1991 Time/CNN poll that asked almost identical questions. Twenty years ago, home ownership was the top prerequisite for middle class status, followed by having a car or two in the driveway.

Only a third of Americans told Time then that a "white collar job" meant you were middle class. (Ownership of stocks and bonds has stayed relatively steady, registering 41 percent in 1991.)

Though current worries about job losses may have influenced the switch, the new definition of middle class seems to be part of a long-term trend toward employment insecurity, Wang said. Using statistics from the Department of Labor, the report found that, as a ratio to the total U.S. population, the number of adults (16 to 64 year-olds) employed today has sunk to 67 percent-the lowest rate since the recession of the early 1980s.

The 5-point decline in the employment rate over the past five years, from 72 percent in 2006, is the steepest such drop since the end of World War II.

The highest U.S. employment rate in the history of the statistic came in 2000, when 74 percent of adult Americans had a job. When employment began to fall off the next year, it was the first extended decline in 50 years.

The ascendance of health care as a middle class marker may also be a long-term trend, as employers restrict benefits or end them altogether as a form of compensation. Older Americans, traditionally more sensitive to immediate changes in health care policy, are only slightly more likely than their younger counterparts to include health care as a token of mainstream success (71 percent versus 70 percent).

But there were some signs that the raging political debate over health care had caused some respondents to upgrade medical coverage's economic importance: Significantly more Democrats included health care as an essential part of middle class life than Republicans.

September 9, 2012

Obstruct and Exploit

By PAUL KRUGMAN

Does anyone remember the American Jobs Act? A year ago President Obama proposed boosting the economy with a combination of tax cuts and spending increases, aimed in particular at sustaining state and local government employment. Independent analysts reacted favorably. For example, the consulting firm Macroeconomic Advisers estimated that the act would add 1.3 million jobs by the end of 2012.

There were good reasons for these positive assessments. Although you'd never know it from political debate, worldwide experience since the financial crisis struck in 2008 has overwhelmingly confirmed the proposition that fiscal policy "works," that temporary increases in spending boost employment in a depressed economy (and that spending cuts increase unemployment). The Jobs Act would have been just what the doctor ordered.

But the bill went nowhere, of course, blocked by Republicans in Congress. And now, having prevented Mr. Obama from implementing any of his policies, those same Republicans are pointing to disappointing job numbers and declaring that the president's policies have failed.

Think of it as a two-part strategy. First, obstruct any and all efforts to strengthen the economy, then exploit the economy's weakness for political gain. If this strategy sounds cynical, that's because it is. Yet it's the G.O.P.'s best chance for victory in November.

But are Republicans really playing that cynical a game?

You could argue that we're having a genuine debate about economic policy, in which Republicans sincerely believe that the things Mr. Obama proposes would actually hurt, not help, job creation. However, even if that were true, the fact is that the economy we have right now doesn't reflect the policies the president wanted.

Anyway, do Republicans really believe that government spending is bad for the economy? No.

Right now Mitt Romney has an advertising blitz under way in which he attacks Mr. Obama for possible cuts in defense spending — cuts, by the way, that were mandated by an agreement forced on the president by House Republicans last year. And why is Mr. Romney denouncing these cuts? Because, he says, they would cost jobs!

This is classic "weaponized Keynesianism" — the claim that government spending can't create jobs unless the money goes to defense contractors, in which case it's the lifeblood of the economy. And no, it doesn't make any sense.

What about the argument, which I hear all the time, that Mr. Obama should have fixed the economy long ago? The claim goes like this: during his first two years in office Mr. Obama had a majority in Congress that would have let him do anything he wanted, so he's had his chance.

The short answer is, you've got to be kidding.

As anyone who was paying attention knows, the period during which Democrats controlled both houses of Congress was marked by unprecedented obstructionism in the Senate. The filibuster, formerly a tactic reserved for rare occasions, became standard operating procedure; in practice, it became impossible to pass anything without 60 votes. And Democrats had those 60 votes for only a few months. Should they have tried to push through a major new economic program during that narrow window? In retrospect, yes — but that doesn't change the reality that for most of Mr. Obama's time in office U.S. fiscal policy has been defined not by the president's plans but by Republican stonewalling.

The most important consequence of that stonewalling, I'd argue, has been the failure to extend much-needed aid to state and local governments. Lacking that aid, these governments have been forced to lay off hundreds of thousands of schoolteachers and other workers, and those layoffs are a major reason the job numbers have been disappointing. Since bottoming out a year after Mr. Obama took office, private-sector employment has risen by 4.6 million; but government employment, which normally rises more or less in line with population growth, has instead fallen by 571,000.

Put it this way: When Republicans took control of the House, they declared that their economic philosophy was "cut and grow" — cut government, and the economy will prosper. And thanks to their scorched-earth tactics, we've actually had the cuts they wanted. But the promised growth has failed to materialize — and they want to make that failure Mr. Obama’s fault.

Now, all of this puts the White House in a difficult bind. Making a big deal of Republican obstructionism could all too easily come across as whining. Yet this obstructionism is real, and arguably is the biggest single reason for our ongoing economic weakness.

And what happens if the strategy of obstruct-and-exploit succeeds? Is this the shape of politics to come? If so, America will have gone a long way toward becoming an ungovernable banana republic.

President Clinton Speech at the DNC Emphasizes Substance Over Style

By Hanif Houston

The Democratic National Convention is typically a banal affair, little more than a public relations stunt designed to galvanize the party before the November election. The presidential candidate is chosen months in advance through the now standard state primary system, making the convention more of a coronation ceremony than a competition between the nominees. The participants are all prescreened to prevent any unintended surprises. And the speeches, all pre-approved or else written by the convention committee consultants, are heavier on figurative language and alliteration and lighter on deep and substantive analysis of the issues.

This year’s convention was no different. Most of the speeches, delivered by a broad section of the Democratic party, sounded similar in content and tone—the same praise of the Obama, the same attacks against Republicans--and concluded with different takes on the word “forward,” the Democratic Party's newly minted campaign slogan. This is not to say that the speeches were unentertaining. But, like junk food, they had very little substantive value, and left you feeling a little ill.

The great exception to this was the speech President Clinton gave on the second night of convention, which some commentators are calling the best speech of his political career. Rather than relying on fancy rhetoric, broad generalizations, and tales of his hard scrabble past to make his case, the former president gave the audience, and the entire Democratic Party, what they most needed: policy, numbers, and statistics.

Like the prior and subsequent speakers, Clinton speech was directed at Republican accusations that the Obama administration is bad for the economy, the national debt, and health care. What made his refutation more convincing by far was the laser specificity of his remarks and the accuracy of his supporting facts—all of which were later verified by independent fact checkers. During his speech, he made a convincing argument that while the economy is certainly not where it should be it is irrefutably improving. More to the point, he argued that Obama’s policies are responsible for more growth than the Congressional Republican’s desire to stymie them. Specifically, he cites the restructuring of the auto industry, the 4.5 million private sector jobs created under Obama’s jobs plan, 500,000 of which are good paying manufacturing jobs, and his plans to revise the student loan distribution system. Meanwhile, rather than working to strengthen the floundering economy, Republicans have instead focused tirelessly on destroying the President’s reputation and ruin his chances at reelection.

“President Obama: plus 4 1/2 million. Congressional Republicans: zero,” he stated to wild applause.

In addressing Obama's health care plan, perhaps the most significant and controversial aspect of his first term, Clinton handedly raised and knocked down every Republican accusation. Far from "Obamacare" being a disaster for the economy, Obama's health care proposals have saved money for small businesses and provided insurance companies with more customers, ultimately improving our system and business. Indeed, he asserted and fact checkers later confirmed that "after going up at three times the rate of inflation for a decade, for the last two years health care costs have been under 4 percent in both for the first time in 50 years."

Clinton also easily shot down the Republican remark that the administration had robbed Medicare of $716 billion--an assertion that was largely responsible for the Republican take over of Congress in 2010—and redirected the blame at Congressman Paul Ryan. It's true, he argues, that Obama reduced the budget of the Medicare by cutting "unwarranted subsidies." But he reinvested this money back into to Medicare to close a loophole in the drug program and, significantly, to extend the life of the Medicare trust fund by eight years, from 2016 to 2024.

"So President Obama and the Democrats didn't weaken Medicare," he claims to a roaring audience, "they strengthened Medicare. Now, when Congressman Ryan looked into that TV camera and attacked President Obama's Medicare savings as, quote, the biggest, coldest power play, I didn't know whether to laugh or cry," he continued, "because that $716 billion is exactly, to the dollar, the same amount of Medicare savings that he has in his own budget…It takes some brass to attack a guy for doing what you did."

Lastly, the former President took aim at the administrations handling of the national debt, a major talking point for the Romney campaign, arguing that a Romney administration would be devastating for the national debt. While Obama's "reasonable plan" would reduce the debt by $4 trillion by 2021 with a combination of spending control and revenue increase at a 2-to-1 ratio, Romney's plan would either raise the national debt, or subject the budget to a draconian cuts that would undercut protections for the poor and the middleclass, the health and the sick. Romney's plan, in sum, would cut taxes paid by the wealthy by $5 trillion and close as yet unidentified loopholes in the tax code. Clinton laid out the only three possible scenarios to achieve this level of cuts—they eliminate deductions, which will raise middle classes taxes by $2000; they will have to reduce spending substantially, threatening parks, college grants and loans, and early childhood education programs; or they will cut taxes without corresponding cuts, raising the national debt and weakening the overall economy.

The near unanimous response the former President received, on the night of the speech and afterward, suggests an important shift in the attitude of the American public. The last four years have been tough, and the election year opened with a dismally high unemployment rate of eight percent, a sluggish housing market, and a stagnant economy. And, so far, both major parties have offered up in response only hyperbolae, inspirational narratives, and vague promises. What Clinton's policy heavy speech proved is that this is no longer enough. The people need their future president to talk about the issues with more fact and less flair. They need to hear, in detail, why the candidate deserves four years in the White House. With the candidates chosen, and the battle lines drawn, the American voter will be watching closely to see which candidate can convince them, not with words, but with numbers, not with posturing but with fact, not with souring rhetorical but with sober calculation.

And they will elect whoever can deliver the goods.

Romney Clarifies He Still Supports Denying Insurance to Millions of Americans with Pre-Existing Conditions

By Tara Culp- Ressler

This weekend on Meet the Press, Romney said "there are a number of things I like" about President Obama's health care reform law, including the popular provision on pre-exisiting conditions. Romney's campaign, however, began walking back his statements as soon as they left his mouth.

After the NBC interview aired, a Romney aide was quick to clarify Romney was "not proposing a federal mandate to require insurance plans to offer [the] particular features" that he suggested he supported. When further pressed on Romney's stated support for preventing discrimination against Americans with pre-existing conditions, a campaign aide explained, "Governor Romney will ensure that discrimination against individuals with pre-existing conditions who maintain continuous coverage is prohibited."

The aide pointed to earlier statements from Romney on the subject, explaining that Romney's current position is exactly what he expressed at a Florida rally this summer:

ROMNEY: So let's say someone has been **continuously insured** and they develop a serious condition. And let's say they lose their jobs or they change jobs or they move and go to a different place, I don't want them to be denied insurance because they have some pre-existing conditions. So we're going to have to make sure that the law that we replace Obamacare with, **ensures that people who have a pre-existing condition, who have been insured in the past, are able to get insurance in the future** so they don't have to worry about that condition keeping them from getting the kind of health care they deserve.

Under the 1996 Health Insurance Portability and Accountability Act (HIPAA), the federal government already prevents insurers from denying coverage to the "continuously insured" group that Romney mentions, although HIPAA has failed to effectively regulate the cost and content of the insurance coverage that insurers extend to those with pre-existing conditions. The Romney campaign is insistent on clarifying the fact that, rather than supporting health care reform, Romney's stance on pre-existing conditions reinforces the status quo.

The key part of the Obamacare provision is the protection for millions of previously uninsured Americans who are denied insurance coverage because of their pre-existing conditions. Romney's campaign wants to make it clear that Romney rejects this policy in favor of denying coverage to the 89 million Americans who haven't been lucky enough to have continuous coverage.

9/10/2012 11:00:00 AM

KCS crafts security training program for front-line workers

Kansas City Southern and A-T Solutions recently developed Rail Employee Awareness and Counter-Terrorism Training (REACT), a comprehensive security training program designed for front-line operating employees.

A-T Solutions is a security company employed by various industries and government agencies, including the U.S. military, to develop and conduct awareness and counter-terrorism training programs.

KCS plans to roll out REACT to all U.S. front-line operating management employees by spring 2013. The program will be rolled out to operating craft employees later next year, railroad officials said in an item posted on the "KCS News" web page.

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Amtrak Media Relations
202 906.3860

SURGING AMTRAK RIDERSHIP SETS 11 CONSECUTIVE MONTHLY RECORDS

Best September ever also expected

WASHINGTON -Amtrak ridership is surging this year with 11 consecutive monthly ridership records. In each month of the current fiscal year, Amtrak has posted the highest ridership total ever for that particular month (i.e., the best October ever, the best November ever, etc.) with the final month of September also expected to be a new record. In addition, July was the single best ridership month in the history of Amtrak.

"All across America the demand to travel by Amtrak is strong, growing and undeniable," said President and CEO Joe Boardman. "Amtrak continues to deliver on its mission to fulfill a vital national transportation need and does so with improved management and financial health."

Through 11 months of FY 2012 (October 2011 - August 2012), total Amtrak ridership is up 3.4 percent as compared to the same period last year. When the current fiscal year ends on September 30, Amtrak expects a new annual ridership record will be set, surpassing the current record of 30.2 million passengers established in FY 2011.

From FY 2002 to FY 2011, Amtrak ridership increased 44 percent and set new annual records in 8 of those 9 years. This long-term growth is occurring across the Amtrak national network and on all Amtrak business lines, including the Northeast Corridor, state-supported and other short-distance routes, and long-distance services.

About Amtrak(r):
Amtrak is America's Railroad(r), the nation's intercity passenger rail service and its high-speed rail operator. A record 30.2 million passengers traveled on Amtrak in FY 2011 on more than 300 daily trains - at speeds up to 150 mph (241 kph) - that connect 46 states, the District of Columbia and three Canadian Provinces. Amtrak operates intercity trains in partnership with 15 states and contracts with 13 commuter rail agencies to provide a variety of services. Enjoy the journey(r) at Amtrak.com or call 800-USA-RAIL for schedules, fares and more information. Join us on facebook.com/Amtrak and follow us at twitter.com/Amtrak.

Associated Press
September 10, 2012

Amtrak funding in crosshairs in presidential race

By JOSH LEDERMAN,

WASHINGTON (AP) — Warning to Amtrak from Mitt Romney and Republicans: You're on your own.

The platform Republicans adopted at their convention included a call for full privatization and an end to subsidies for the nation's passenger rail operator, which gobbled up almost $1.5 billion in federal funds last year.

"It is long past time for the federal government to get out of the way and allow private ventures to provide passenger service," the platform said, arguing that taxpayers dole out almost $50 for every Amtrak ticket.

Long a political cudgel in the halls of Congress, Amtrak is among a number of transportation functions Republicans say should be turned over to the private sector — including airport security, also on the chopping block in the GOP platform. At its core, the debate juxtaposes differing visions about what role government should play in ensuring public access to services — even if they're losing money hand over fist.

For President Barack Obama, Amtrak symbolizes a communal investment in the American infrastructure that enables and catalyzes economic growth. For Romney, who built a career mending the balance sheets of unprofitable companies, dropping Amtrak fits neatly into his message of doing away with spending that government can't afford.

On Monday, Amtrak announced it had set monthly ridership records in each of the past 11 months, with expectations of a 12th in September.

Even with a record 30 million passengers boarding its trains last year, Amtrak operated at a net loss of more than $450 million. The government pitched in $562 million to keep Amtrak in the black. And that's just on the operations side, where Amtrak says it covers about 85 percent of its own costs through ticket fares and fees. When it comes to capital costs, like keeping train tracks up, the government foots almost the entire bill, costing taxpayers about $650 million in 2011.

Leading the Republican charge that the U.S. can't bear the continued hemorrhaging is Rep. John Mica, R-Fla., who chairs the House Transportation Committee. Mica says he'll hold a hearing a month on Amtrak. A session Tuesday is to focus on Amtrak's "monopoly mentality" on commuter rail.

While recognizing the need for a central entity to coordinate routes nationwide, Mica said the government has no place handling Amtrak's day-to-day operations. But he acknowledged that some less profitable routes can't get by without some subsidies.

"I'm for the privatization, and if we can end them, we can," Mica told The Associated Press.

Despite chiding from tea party activists and libertarians, Amtrak enjoys broad support from most Democrats, making it unlikely its federal subsidies will disappear any time soon. And if Obama wins re-election, Amtrak will continue to have a powerful advocate in the White House.

"I'm the biggest railroad guy you've ever known," Vice President Joe Biden, whose hometown Amtrak station was renamed after him last year, told supporters last week. "I have traveled round trip from Wilmington, Del., to Washington, D.C. — a 250-mile round trip — over 7,900 times."

Democrats didn't mention Amtrak in their platform, but spoke generally about rail's importance and the need for increased investments in U.S. infrastructure. With more people than ever riding trains, government should be expanding intercity travel, not dismantling it, said Rep. Nick Rahall, D-W.Va., the top Democrat on Mica's committee.

"This short-sighted proposal that Republicans are again trotting out would mark the end of the line for Amtrak service across the country, while punching a ticket to the unemployment line for thousands of workers," Rahall said.

Proponents of continued subsidies say opponents are missing the point: It's in the public interest to keep tens of millions of cars off already congested highways and from polluting the environment.

Inevitably, comparisons to Europe and Asia emerge, with skeptics questioning why for-profit rail travel can succeed overseas. But while other nations have privatized some routes, few operate systems that are free of subsidies. Japan and England repeatedly have had to bail out train systems in dire straits.

More to the point, the sprawling U.S. is not Europe, with its dense peppering of major cities. Transportation experts describe a sweet spot of about 200 to 300 miles between cities where train travel can be profitable and competitive. Any farther, and it becomes quicker and cheaper to hop a flight.

Situated perfectly in that sweet spot is the Northeast Corridor, the lifeblood of Amtrak's system. The route connects Boston to New York to Washington — each leg less than 250 miles. Both parties say if there's any hope for Amtrak's future, it's along that bustling corridor.

Cutting subsidies would almost surely mean jettisoning the long-distance routes that connect far-flung parts of the country, and few members of Congress want to see their districts lose connectivity to the transportation grid.

In a surprise move, the GOP-controlled House in June boosted Amtrak's overall funding by $384 million, offsetting reductions in operating subsidies with new money to repair bridges and tunnels. In its funding request for next year, Amtrak asked Congress for less money for operating costs than it received this year, citing an improving financial situation.

A recent report to Congress from Amtrak's inspector general said the company was making progress on many fronts. One suggestion investigators said Amtrak had failed to take up: adding more special trains to help reduce its reliance on federal subsidies.

9/10/2012 10:30:00 AM

CSX will face strong utility coal headwinds into 2013, Sterne Agee says

Sterne Agee analyst Jeff Kauffman has lowered his earnings per share (EPS) estimates for CSX Corp. because he expects domestic coal headwinds to remain a challenge for some time. Kauffman decreased his 2012 EPS estimate by 4 cents and 2013 estimate by 6 cents to $1.87 and $2.14, respectively, in a report issued Sept. 7.

Southeastern coal stockpiles might not recover until 2013, he said in the report.

"CSX will be challenged through [next] spring because of a larger southeastern U.S. exposure to unity coal stockpiles, overshadowing some fundamental improvements for the next two quarters," Kauffman wrote.

Export coal volume was up 24 percent through 2012's 34th week, but volume is expected to moderate through the balance of the third quarter and the entire fourth quarter as global demand weakens, he said. CSX previously provided guidance of 40 million tons of export coal for 2012 and believed capacity would total 50 million tons at its five terminals. But capacity is closer to 60 million tons because of capital investments and improved processes, Kauffman wrote.

"The company initiative of a 65 percent operating ratio by 2015 is dependent on coal volumes improving," he said. "A cold winter may be the best near-term indicator of the company's progress towards achieving a 65 percent ratio."

9/11/2012 9:30:00 AM

Amtrak posts record monthly ridership; Mica to hold congressional hearing to review railroad's 'monopoly'

Amtrak has posted record ridership for the past 11 consecutive months, the railroad's officials announced yesterday.

In each month of the current fiscal year, Amtrak has posted the highest ridership total ever for that particular month, with the fiscal year's final month of September also expected to reach a new record, Amtrak officials said in a prepared statement.

Moreover, July was the single-best ridership month in Amtrak history, they said.

Through 11 months of fiscal-year 2012, a period running from October 2011 through August 2012, total Amtrak ridership increased 3.4 percent compared with the same period in the previous fiscal year. When the current fiscal year ends on Sept. 30, Amtrak officials anticipate ridership will surpass the current annual record of 30.2 million riders set in FY2011. From

FY2002 to FY2011, Amtrak ridership increased 44 percent and set annual records in eight of those nine years, they said.

The long-term growth is occurring across the railroad's national network and on all business lines, including the Northeast Corridor, state-supported and other short-distance routes, and long-distance services, Amtrak officials said.

"Amtrak continues to deliver on its mission to fulfill a vital national transportation need and does so with improved management and financial health," said Amtrak President and Chief Executive Officer Joe Boardman.

Not everyone is necessarily impressed with Amtrak's ridership figures, however.

Today, House Transportation and Infrastructure Committee Chairman John Mica (R-Fla.) will hold a congressional hearing to analyze “the costs to taxpayers resulting form Amtrak's failure to effectively compete with the private sector in operating commuter-rail services across the United States,” according to a press release issued yesterday by Mica's office.

Mica plans to release a committee “investigative report" that highlights "significant cost savings by commuter-rail agencies through competitive contracting for operations, and Amtrak's ineffectiveness when competing with the private sector on these contracts," the release stated.

Scheduled to testify at the hearing are Boardman and representatives from two commuter-rail agencies, passenger-rail operators and labor organizations.

9/11/2012 12:00:00 PM

CN derailment shows rail-flaw testing should be more stringent, TSB says

A recently released investigation report regarding a CN train derailment near Alix Junction, Alberta, in October 2011 underscores the need for more stringent rail-flaw testing, Transportation Safety Board of Canada (TSB) officials said in a prepared statement.

An independent agency that investigates rail, marine, pipeline and aviation accidents, the TSB determined that the derailment was caused by a "sudden catastrophic failure" of one of the rails, likely due to an undetected defect, board officials said. Although CN's testing was performed per normal procedures and methods, those processes don't always detect rail defects that can cause failures and derailments, they said.

Since the accident, federal track safety rules were revised to make rail-flaw testing more stringent, TSB officials said. CN also is working with its rail fatigue detection suppliers to improve testing protocols and procedures.

Plan to Grow Amtrak Doesn't Add Up

Posted on **September 11, 2012** by **Ed Wytkind**

I've got to hand it to House Transportation & Infrastructure Committee Republicans—they sure have nerve.

The day after Amtrak reported its 11th consecutive year of ridership growth, setting best-ever records for each month of 2012, Chairman John Mica (R-FL) held a hearing on Sept. 11—not to review the state of transportation security, but to rail against the evils of Amtrak's "monopoly."

The hearing title was, "A Review of Amtrak Operations Part 2: The High Cost of Amtrak's Monopoly Mentality in Commuter Rail Competitions."

Just in case facts matter, Amtrak doesn't have a commuter rail monopoly—in fact, it only has about 15 percent market share.

Of course, we quickly learned that this hearing had nothing to do with commuter rail monopolies. Oh no, it was about amending U.S. rail laws to enrich private corporations that want to take over Amtrak's most prized assets.

As I told the Committee today in my testimony, this hearing is really about pushing Mitt Romney's plan for passenger rail: "dismantle Amtrak, cost thousands of Amtrak workers their jobs, subject Amtrak riders to chaos and uncertainty and tragically, undermine the Railroad Retirement System." And if Mitt Romney's Bain Capital approach wins the day, you can throw in a good dose of outsourcing too.

Amtrak's opponents have paraded all sorts of ideas on Capitol Hill for one purpose—to create a legal and regulatory framework to disadvantage Amtrak. These companies, some of them foreign, want a gift from lawmakers: to be able to provide passenger rail service without complying with rail laws, such as Railroad Retirement, which covers almost 1 million active and retired workers and family members.

Rep. Corrine Brown (D-FL) today summed it up pretty well: "This hearing is about good old-fashioned politics and a nod to the Republican jobs-killing platform." Ask any of Amtrak's 20,000 employees who listen to all the anti-Amtrak bluster on Capitol Hill what they think. They'll tell you that Rep. Brown has it right – this is an assault on good middle-class Amtrak jobs.

My favorite myth from today's hearing is that if you downsize and privatize Amtrak, jobs at Amtrak will "grow." As I told committee members today, this is "addition by subtraction."

Transportation Committee Republicans must have learned math in the Mitt Romney School of Government where tax cuts for billionaires will help the middle-class, repealing

Obamacare will make everyone healthier and voucherizing Medicare for everyone 55 & under will save Medicare.

Wealthiest Americans have 288 times net worth of typical family

By Tami Luhby

The wealth gap between the richest Americans and the typical family more than doubled over the past 50 years.

In 1962, the top 1% had 125 times the net worth of the median household. That shot up to 288 times by 2010, according to a new report by the left-leaning Economic Policy Institute.

That trend is happening for two reasons: Not only are the rich getting richer, but the middle class is also getting poorer.

Most Americans below the upper echelon have suffered a decline in wealth in recent decades. The median household saw its net worth drop to $57,000 in 2010, down from $73,000 in 1983. It would have been $119,000 had wealth grown equally across households.

The top 1%, on the other hand, saw their average wealth grow to $16.4 million, up from $9.6 million in 1983. This is due in large part to the growing income inequality divide, as well as the sharp rise in value of stocks over the period.

Net worth counts all assets including real estate holdings, minus debts.

"The distribution of wealth is way more unequal than the super-unequal distribution of income and wages," said Heidi Shierholz, an economist with the institute.

The biannual report, entitled The State of Working America, looks at the changes in income, jobs, mobility, poverty, wealth and other areas in recent decades, as well as during the Great Recession.

The effects of the Great Recession

While the wealth and income gaps have been expanding for decades, the report shows that the trend was accelerated during the Great Recession. Median family income was 6% lower in 2010 than a decade earlier.

As for wealth, while the housing bust and the spike in unemployment hurt people at all levels of the spectrum, it affected middle-class and lower-income Americans to a greater degree.

The average wealth of the top 1% dropped just 15.6% between 2007 and 2010, while the median net worth of American households sank 47.1% That large decline in median wealth is largely responsible for driving the gap to such heights.

Homeowners at the bottom of the wealth distribution were, on average, underwater, meaning they had no equity in their homes because their mortgages were more than the property's value.

The Great Recession hit black and Latino households particularly hard. It wiped out half the wealth of a typical black household, leaving them with a median net worth of $4,900. And the median wealth of Latino families plummeted 86.3% to $1,300.

This compares to $97,000 for white households.

Part of the reason for the eye-popping statistics is because blacks and Latinos had a relatively small amount of net worth so the drop is larger in percentage terms. Also, their homeownership rates grew faster than whites' during the housing boom, but fell further when it collapsed.

The typical black and Latino households don't own any stocks, and the typical black family has no home equity.

Overall, the widening of the wealth gap in recent decades is due to two things, Shierholz said. The increase in income inequality means the wealthy have more to save and invest every year. Furthermore, the growth of Wall Street means that the rich, who are much more likely to own stocks, accumulated wealth even faster.

"The growth in wealth we did see got funneled to the top and it didn't spur faster growth in the middle," Shierholz said.

9/12/2012 9:30:00 AM

Mica: Report highlights Amtrak's failure to compete

A new committee report shows that Amtrak continually fails to compete successfully at operating commuter-rail service effectively in the private sector, wasting hundreds of millions of tax dollars in the process, House Transportation and Infrastructure Committee Chairman John Mica (R-Fla.) said in a statement issued yesterday following a congressional committee hearing on Amtrak.

Mica released the report, titled "Amtrak Commuter Rail Service: the High Cost of Amtrak's Operations," as his committee held the hearing to highlight the cost savings realized by commuter-rail agencies through competitive contracting for operations.

At the hearing, Mica, a longtime critic of Amtrak who has called for privatizing the railroad"s food and beverage service as well as the Northeast Corridor, reiterated many of his concerns.

"Amtrak is a highly subsidized, Soviet-style rail system, but despite every ticket being underwritten nearly $50 by the taxpayers, Amtrak is an absolute failure in competing with the cost-effectiveness and level of service provided by the private sector," he said. "We already know that Amtrak's losses in food and beverage service are a staggering $833 million over the last decade. Now we know that Amtrak wastes the taxpayers' money bidding on commuter-rail contracts that it cannot win, and that hundreds of millions of dollars in savings can be realized if the private sector is given a chance to compete with Amtrak in commuter rail and passenger rail service."

However, Amtrak's defenders also provided testimony at yesterday's hearing. Edward Wytkind, president of the Transportation Trades Department of the AFL-CIO (TTD), questioned the purpose of the hearing.

"TTD and a number of our rail affiliates have been called to this committee room time and time again to debate the so-called merits of privatizing Amtrak's Northeast Corridor, outsourcing food and beverage services to companies ill-equipped to take on such responsibilities, or to simply close down routes that don't make a profit," Wytkind said in a prepared statement. "We have reminded [committee] members that no passenger operation in the world can operate without government subsidy and passenger-rail service must be part of our inter-connected multi-modal transportation system."

In a statement, Amtrak President and Chief Executive Officer Joseph Boardman noted that the contract commuter business has costs and benefits.

"It can generate net revenue, which allows us to reduce our dependence on federal operating support. Because we do not use federal funds to cross-subsidize these agencies, our bids can be more expensive than those from private companies that may underbid to enter the market or to build a market for other services such as capital replacement," he said. "Whatever the cause, profit margins have decreased significantly in recent years."

And while Amtrak in the past two years has lost two contracts to operate commuter-rail services — Virginia Railway Express and Caltrain — the railroad will remain in the commuter-rail business, Boardman said.

"We will continue to work with agencies that are a good fit for both Amtrak and the agency," he said. "This is an exciting field right now, and there is plenty of competition and many opportunities for both carriers and agencies. Amtrak will continue to look at the opportunities on a case-by-case basis, and we will be guided by the need to provide our partners with the support they're looking for and our need to generate revenues that can be used to reduce Amtrak's dependence on federal operating support."

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Sen. Boxer calls on House Speaker Boehner to restore transportation funds

In a letter released yesterday, Sen. Barbara Boxer (D-Calif.) called on House Speaker John Boehner (R-Ohio) to reverse cuts in transportation programs in a six-month continuing resolution, which she believes would be less than roads and transit funding levels agreed to under the new, two-year surface transportation bill known as MAP-21.

The House is expected to vote on the continuing resolution later this week, according to a prepared statement issued by Boxer's office.

Boxer's letter stated that MAP-21 maintained current funding levels for the remainder of fiscal-year 2012, and included an adjustment for inflation in FY2013 and FY2014. The increase in funding would account for inflation in accordance with the Congressional Budget Office baseline, stated Boxer, who chairs the Senate's Committee on Environment and Public Works.

"Failure to honor the funding levels agreed to in MAP-21 means a cut of over $500 million and 17,000 jobs over the year that would have gone to repair our roads and bridges," she said. "As a result, thousands of Americans would not go to work on transportation projects across the country. A six-month continuing resolution at these funding levels is clearly unacceptable."

FRA 25-12
Wednesday, September 12, 2012
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WASHINGTON, D.C. – U.S. Transportation Secretary Ray LaHood today awarded $71.3 million to the State of Indiana to help alleviate congestion in one of the region's most delay-prone rail corridors. The Indiana Gateway Project will both relieve congestion and support the development of higher performing intercity passenger rail service in the Midwest.

"The Indiana Gateway project will create jobs and grow our economy over the long-term by moving people and goods more efficiently than ever before," said Secretary LaHood. "This project will help eliminate severe chokepoints in the region's rail network while creating capacity to handle future rail demand as our population grows."

The project is located on 29.3 miles of track owned by Norfolk Southern Railway between Porter, Indiana, and the Indiana/Illinois state line and at one location on Amtrak's line. The improvements will include track reconfiguration and track and signal upgrades, all of which will help improve service reliability while creating jobs and relieving congestion.

"No economy can grow faster than its transportation network allows," said Federal Railroad Administrator Joseph C. Szabo. "This investment will eliminate chokepoints and create an environment where intercity passenger trains and freight service can operate fluidly without prolonged delays."

More than 90 freight trains and 14 Amtrak intercity passenger trains currently travel the area between the Indiana/Illinois State border and Porter, Indiana, every day.

The completion of this project will significantly strengthen the Midwest Regional Rail Network, which will connect more than 40 cities in the Midwest. More than 100 million people call the Midwest region home, with the vast majority of residents living within 500 miles of the Chicago rail hub. Using the Gross Domestic Product as a measure, the Great Lakes-Midwest economic region would be the fifth largest economy if it were its own country.

With more than $2.5 billion are already invested in the Midwest since 2009, funding 39 projects in eight states, the Federal Railroad Administration and its state partners are making great progress on High-Speed and Intercity Passenger Rail projects across the Midwest. Nationwide, more than $12.0 billion has been invested in 153 projects in 32 states, laying the foundation for a 21st century passenger rail network.

Warning: Steep Transportation Cuts Ahead

Posted on **September 13, 2012** by **ttd**

As Congress rushes to finish its official business for September and depart for another session of politicking, there's something ugly lurking around the corner — sequestration.

You remember that ill-advised contingency plan that was supposed to scare the 'Super Committee' into identifying $1.2 trillion in deficit reductions? Thanks to the Republican obstructionist agenda, a standoff over cuts forced utter failure in decision making. As a result, $55 billion is set to be slashed from non-defense spending on Jan. 2, 2013.

Under the guise of solving our deficit woes, sequestration, or an automatic across-the-board cut, would hit transportation programs and the workers they support. Hard.

In fact, sequestration could cut transportation funding by as much as 10% next year. And because the cuts would be implemented three months after the fiscal year begins, the impact would be more devastating to our transportation system because it would be concentrated over 9 months. While the Office of Management and Budget (OMB) will have the final say on how these cuts will be meted out, this is just a sampling of what we can expect:

- Amtrak would be forced to make immediate cuts at a time when the carrier is experiencing record ridership and demands on its service are at an all-time high.
- The Maritime Security Program, an important component of our nation's military readiness, would see cuts that could jeopardize its foundation.
- Cuts to the FAA budget could force control towers to close, causing some 2,000 air traffic controllers to be furloughed and other key FAA personnel could see roll-backs as well.
- Local transit authorities would suffer from restricted access to a major source of funding under New Starts, inhibiting the growth of local transit options that increase riders' mobility.

And while programs supported by trust fund dollars may not be directly slashed, you can bet all programs would suffer from sequestration. Keep in mind that a slashed budget results in fewer people capable of putting federal funds into the hands of those who make the projects happen. Thus, the remaining nickels and dimes that actually do get invested would be slow getting to our communities to help hire workers.

Unfortunately, this grand plan to cut our way to prosperity demonstrates a complete and utter disregard for what we know to be true — $1 billion of federal transportation investment creates an estimated 30,000 jobs. Instead of devastating programs that employ countless Americans and keep our nation moving, we should be making prudent investments in an industry proven to produce jobs.

As we await the concrete details that will be laid out by the OMB's sequestration report there is one thing that is crystal clear: transportation workers in every mode will suffer if this misguided approach to fiscal policy is allowed to proceed.

The American Dream Is Alive and Well--Just Not in America

By Rick Newman

Nobody really needs to be told any more that the American middle class is struggling. If you don't already feel this in your own life, there's a fresh report seemingly every week spelling out the grim news.

Median income has been falling. Income inequality is rising. The rich have more and the poor have less. Got it, got it, and got it.

A new report from the Economic Policy Institute, a left-leaning think tank, reprises all the familiar findings about how the working class can't keep up these days. But it also contains some important findings related to economic mobility--the ability to improve your own socioeconomic standing--which is something that anybody worried about the fragile state of the middle class ought to be paying attention to. The availability of opportunity and the belief in self-improvement are core tenets of the American Dream, and Americans have long found ways to get ahead, no matter what the aggregate data say.

Except, perhaps, for now. The EPI report includes data showing that more Americans are staying stuck in the socioeconomic stratum they're born into, which means fewer people are moving up and those at the top are staying put. This might not be much of a problem if incomes were rising substantially at every level, and overall living standards were improving. But that's not what's happening.

Instead, people are remaining stuck in socioeconomic brackets at the same time that median income is falling. That's why living standards are gradually deteriorating. The EPI report also isolates when this started to happen. Early baby boomers--those now aged between 58 and 67--were the last generation to enjoy higher living standards than the one that came before. For those younger than 58, upward mobility has slowed dramatically.

This matters because economic mobility has typically been the antidote to a higher level of income inequality in America than in other developed nations. In other words, Americans have typically tolerated bigger gaps because the rich, the poor, and everybody in between believed that hard work and innovation can rapidly springboard them into a higher income bracket.

That was probably true for many years following the Great Depression, but these days, the odds of an ambitious young bootstrapper rising from humble origins are better in many other countries than they are in the United States. The EPI researchers cite data from other economists showing that the United States, for instance, only ranks 13th out of 17 developed nations by one measure of economic mobility. Young Americans enjoy better economic mobility than their counterparts in Slovenia, Chile, Italy and the U.K. But young workers have a better chance of moving up in 12 other countries, including supposedly socialist states like Sweden and Denmark, along with France, Spain, Germany, Australia and Canada.

Polls show that even after a withering recession, most Americans still believe that their nation provides unique opportunities to get ahead for people willing to work hard. But the EPI data suggests that's wishful thinking left over from the past. "While faith in the American Dream is deep," the report says, "there is considerably more mobility in most other developed economies."

It's hard to pinpoint why economic mobility would be declining more in the United States than elsewhere, especially given the weak economies in parts of Europe. But education is probably a big factor. In the latest competitiveness rankings issues by the World Economic Forum, the United States ranked 34th in the category measuring primary education, a weak showing that's consistent with declining academic achievement for U.S. teenagers, compared with kids in other countries.

It's important to keep in mind that a decline in overall mobility doesn't prevent any given individual from defying the trend and rising far beyond his or her starting point. It just means the barriers are higher, with fewer people likely to bound over them. Adjust your dream accordingly.

This time 'class warfare' cry is finally true

WASHINGTON — Republicans have been waging class warfare for years — and winning without working up a sweat. For proof, just take a look at the welfare program for the wealthy that is the U.S. tax code.
Such victories aside, Republicans have always claimed that it's Democrats who play the class card. Whisper that the top 1 percent pay the lowest tax rate in 80 years and you're trafficking in class resentment. Help the working and middle classes get health care and you're a socialist.

Last week, Mitt Romney called the social safety net "free stuff." In other words, if the unemployed get insurance or the poor receive food stamps, it's a giveaway. If a private equity manager pays 14 percent tax on his millions while a firefighter pays 28 percent on his thousands, that's rewarding risk takers.

This summer, though, Republicans finally have a point. Democrats really are playing class warfare. They haven't won yet, but with Romney as the Republican standard bearer, they just might.

President Barack Obama's campaign met with resistance when it first attacked Romney as an out-of-touch businessman whose experience at Bain Capital, rather than qualify him for the presidency, disqualifies him. A few Democrats, dependent for campaign cash on life's big winners, complained that Obama was attacking free enterprise. Newark Mayor Cory Booker called the attacks "nauseating," echoing the complaints of Rush Limbaugh and the Wall Street

Journal editorial page, who had jumped on Romney's primary rivals when they characterized his business tactics as "vulture capitalism."

Democrats have stopped complaining. In the best political ad in years, Obama's campaign features Romney singing an off-key "America the Beautiful" with lines such as "amber waves of grain" and "God shed his grace on thee" illustrated by images juxtaposing shuttered factories in the United States with the Romney tax havens of Bermuda, the Cayman Islands and Switzerland.

The attack on Romney as exemplar of the exploiter class has been so effective that the Republican candidate has gone rogue on his own resume, distancing himself from his private equity career. When Securities and Exchange Commission documents surfaced listing Romney as sole shareholder, chairman, chief executive officer and president of Bain through 2002, Romney cried like a stuck pig. Although he continued earning income as a Bain executive, he now claims it was a no-show job after 1999. (The assertion, made without irony, coincides with the Romney campaign accusing Obama of "crony capitalism.")

Romney is so spooked by the attack, he gave five network interviews on July 13, which means four of the interviewers didn't even work for Fox. Curiously, Romney's attempt to distinguish between "the owner of an entity" and the "person who's running an entity" did not clarify his political muddle. Republican strategist Ed Gillespie did Romney one better, describing Romney's untenable existential quandary — being chairman and CEO of a company in which he had no role — with a phrase that would make Orwell blush. Romney, Gillespie explained, had achieved a state of "retroactive retirement" in 2002. It was political doublespeak for the age of the Higgs boson.

Rather than surrender to demands that he release his tax returns, Romney instead insisted on a presidential apology — the last refuge of a whiny candidate who looks even weaker when the apology never materializes.

Asking for tax returns, of course, is not a plot against the candidate; it is a requirement of running. In 1968, Mitt's father, George Romney, unfurled 12 years of returns as he sought the Republican presidential nomination. Mitt Romney turned over 23 years to the McCain campaign when he was being vetted for the 2008 ticket. His prospects declined when McCain's staff added Romney's houses to those McCain owned and the tally reached double digits.

We've had wealthy presidents before; wealth is practically a prerequisite for running. But a major-party candidate who stashes his riches in foreign tax havens is new. It's also not playing well to independent voters, 19 percent of whom say they are troubled by Romney's wealth.

Class warfare has been so good to Obama that he has opened up a lead in swing states, where Romney's favorable ratings have declined.

The battle isn't about Romney's wealth, and it's only partly about where he keeps it; mostly it's about how he made it. Romney piled companies with debt, extracted dividends and fees for himself and investors, and then walked away from the debt-laden carcasses as the jobs and pensions went bust.

Romney's experience would look good on an application for a job in private equity. It does not look good on an application for the White House.

Meanwhile, as Romney tries to get the bull's-eye off his back, the cool guy in the Oval Office is warming up on the campaign trail. "I'm one of you" is not a natural appeal for a son of Hawaii whose father hailed from Kenya and whose single mother spent much of her son's youth in Asia.

Yet getting personal has been working for Obama. He told a crowd last week in Pittsburgh about childhood travels with his mother, sister and grandmother on buses, trains and, once, on summer vacation, via the luxury of a rented car. He recalled staying at a Howard Johnson.

"It didn't matter how big the pool was," he said. "I'd jump in. I was 11 years old, and I was excited just to go to the vending machine and get the ice bucket and get the ice."

It's a scene millions of strapped Americans instantly recognize. Obama captured the universal kid experience of sitting in the back seat watching the world whiz by on the interstate, eager to plunge in to whatever comes next. Right now, it looks like it might be a second term.