



Consumers United for Rail Equity

Letter to the Editor of *Roll Call*: Fair and Accurate

October 4, 2007

The recent *Roll Call* article (“The Railroading of America,” Sept. 26) was an accurate and fair account of a railroad industry going to extraordinary lengths to prevent passage of reasonable, measured and fair-minded legislation to increase rail competition. *Roll Call* got it right and should be commended for letting in some much-needed sunshine.

Credit must also be given to Chairman Oberstar, who’s House Transportation and Infrastructure Committee held an expansive, if nearly exhausting hearing last week on rail issues. Near the end of that hearing, we caught a glimpse of what may be the brightest ray of sunshine to grace this debate in decades. In the most telling exchange of the day, Union Pacific CEO Jim Young said of the chairman’s proposed Railroad Competition and Service Improvement Act (H.R. 2125): “let’s not call it re-regulation.”

That accurate observation by the leader of America’s largest freight railroad has shone full light into the darkest corner of rail lobby scare tactics. Efforts to restore balance and competition to the freight rail industry are not re-regulatory, they are a call from consumers for fairness. American railroads should be treated like any other monopoly industry. A healthy freight rail industry is intrinsic to our businesses and the economy of our nation. It should be competitive, innovative and profitable, and it should be called upon to uphold the trust we have invested in it.

No customer/vendor relationship is perfect. Even in openly competitive markets, disputes arise that require resolution. Fair, expeditious adjudication of such disputes is an American hallmark and makes our economy one in which businesses can invest with confidence. Consumers have no such confidence in the bureaucrats who oversee our railroads. The Surface Transportation Board has consistently proved itself to be an enabler of market power abuse and anticompetitive behavior by the remaining handful of Class 1 railroads.

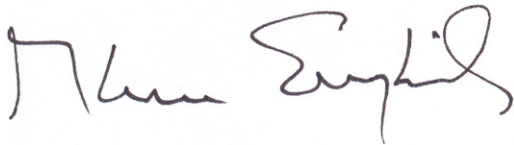
A reluctant and unwilling regulator, the STB does a disservice to the landmark railroad deregulation act authored by former Rep. Harley Staggers (D-W.Va.) and passed by Congress in 1980. A free-market realist, Staggers recognized the potential for abuse and acted to protect captive shippers from predatory rail pricing and marginal service by empowering the Interstate Commerce Commission to check the exercise of market power by the railroads. When the STB rose as successor to the ICC, it abdicated its predecessor’s responsibility to remain vigilant for and to act against the unrestrained abuse of market power that deregulated monopoly industries quickly amassed. The STB

became little more than a rubber stamp for the runaway rail industry and a poster agency for the willful contempt of Congressional intent.

As customers we have lost faith in the STB. Congress must reassert its oversight responsibility and provide explicit instruction on the intent of the Staggers Rail Act. In my view there are only two options, either enforce the law or repeal it.

Rail industry flacks, in recent letters to this paper, say prices are dropping yet captive shipper rates are increasing dramatically, sometimes by as much as 300 percent to 400 percent. They say shippers want a handout yet it is the railroad industry that is asking for a 25 percent tax credit that would amount to a \$5 billion federal handout from taxpayers. They say rail service is improving, yet grain sits rotting on the ground in North Dakota, Kansas and Colorado because the railroads cant, or wont, pick it up. They say the industry is less profitable than others, yet Warren Buffett is buying up railroad stock faster than you can say: I now own 25 percent of BNSF. They say the railroads are already covered by anti- trust law, yet 17 states attorneys general wrote Congress asking that railroads be covered under these laws, and the Senate Judiciary Committee on a bipartisan voice vote on Sept. 20 has reported legislation (S.772) to remove railroad exemptions from the antitrust laws.

We agree with Union Pacific's Jim Young: Let's not call it re- regulation, because its not. Let's call it a fair, reasoned and honest approach to a real problem. In fact, the same can be said of *Roll Call's* article.

A handwritten signature in black ink, appearing to read "Glenn English". The signature is fluid and cursive, with the first name "Glenn" written in a larger, more prominent script than the last name "English".

Glenn English

*Chairman, Consumers United for Rail Equity
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Former Democratic Congressman from Oklahoma*