

MAJOR RAILROADS SHOULD BE COVERED BY THE NATION'S ANTITRUST LAWS LIKE OTHER AMERICAN INDUSTRIES

- The nation's antitrust laws are the basic protection for consumers against monopoly power by providers of essential services and goods – power that normally results in higher than necessary rates and often compromises the quality of service or goods.
- The nation's major railroads enjoy one of the broadest exemptions from the nation's antitrust laws of any industry. This is particularly questionable since competitive activities of the railroads are exempt from regulation and non-competitive activities of the railroads are regulated ineffectively by the Surface Transportation Board (STB).
- In the last 25 years, the nation's major railroads have consolidated to the point that four major railroads now provide 95% of all freight rail transportation in America.
- A Government Accountability Office (GAO) report in October 2006 found that “Concerns about competition and captivity (in the rail industry) remain as traffic is concentrated in fewer railroads.” (Highlights)
- The GAO October 2006 report further found that the STB is not ensuring competition in the rail industry and made the following recommendation: “We believe that an analysis of the state of competition and the possible abuse of market power, along with the range of options STB has to address competition issues, could more directly further the legislatively defined goal of ensuring effective competition among rail carriers.” (Page 6)
- The STB refuses to perform this analysis and refuses to aggressively address the issue of the lack of competition in the rail industry: “STB disagreed with our recommendation to undertake a rigorous analysis of competitive markets in the rail industry because it believed the findings underlying the recommendation were inconclusive, their on-going efforts will address many of our concerns, and a rigorous analysis would divert resources from other efforts.” (Page 67)
- On August 17, 2006, the attorneys general of 17 states (Arizona, Arkansas, California, Connecticut, Iowa, Kentucky, Louisiana, Minnesota, Mississippi, Montana, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Dakota, Wisconsin) and the District of Columbia sent a joint letter to Congress citing rail transportation problems and asking the Congress to remove the rail industry's exemptions so that the U.S. Attorney, state attorneys general and private citizens may protect themselves against freight railroad monopoly power that is resulting in high rates and poor service.
- In 2006, Senator Herb Kohl (D-WI) introduced S. 3612 to remove the current railroad exemptions and subject the railroad industry to the full power of the nation's antitrust laws.
- Senator Kohl intends to re-introduce this legislation in the near future. Please join Senator Kohl as an original cosponsor of this critically important legislation.
- For more information about the Kohl bill, please call Molly Harris of the Senator's personal staff (202-224-5653) or Seth Bloom, Antitrust Counsel on the Senate Judiciary Committee (202-224-9494).