

Rail Freight Reconsidered

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Volume I, No. 20.

October 26, 2009

Sixty years ago, at the mid-point of the 20th century, U. S. railroads offered a comprehensive menu of services -- almost every conceivable type of transportation service, provided to almost every possible user, at and between almost all points. While doing so, they raised their own capital, received no public subsidy, paid substantial taxes, and frequently made a little money for the shareholders.

Then, public policy makers decided to dedicate a large amount of the public treasure to promoting the development of highways, waterways and aviation. Rails were largely ignored, first because the railroads preferred it that way, and also because public policy oracles had decided that the future of transportation did not include, nor require, much rail transportation. DOD and the Post Office were among the leaders in this parade -- in stark contrast to their century-long reliance upon rail.

Now, there is a rising chorus calling for turning to the now-vastly-reduced U. S. rail network as a reliever of our overburdened highways; specifically a fledgling public-private (Norfolk Southern) effort to shift some of the constantly-increasing truck traffic to rail on routes such as I-81. Can this be successfully accomplished?

“Yes”, it is possible. However, to meaningfully impact the truck flows on our intercity highways will require: (1) massive reinvestment in rail infrastructure at levels only the public sector can supply [a big challenge!], (2) a radical change in current rail operations and business strategy of private railroads [also a big challenge!], (3) a reasonable degree of “open” access to the next-generation version of the core U.S. rail freight network [heresy to private railroads], and (4) a radical re-pricing of public-sector highway access and user charges to dampen the existing below-cost incentive that puts freight on highways rather than rails [now seen as an “entitlement” by truckers!].

The challenge will be to seek and achieve a consensus among the principal parties, if possible, and then to accomplish all these things in evolutionary fashion over the next two to three decades without a mutiny by one of more of the critical players.

In the meantime, small incremental investments in rail freight infrastructure, such as are being made by the Commonwealth of Virginia, will not likely accomplish very much beyond the mitigation of some pre-existing rail operational problems on various routes. The public will not likely notice any fewer trucks on I-81 or I-95.

Nevertheless, Virginia’s intentions are worthy, and we would not want to discourage the effort, but the current approach must give way, over time, to one that

dramatically transforms how rail freight service is provided and how undesired truck movements via highway are induced by artificially-low user costs. Nobody is yet openly discussing this last critical flaw in public policy, but we must! #####