The Poughkeepsie Bridge and Rail Prosperity

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e have been following the financial and physical health of the private rail industry for more than sixty years. Never before, during these years, has the financial health of private rail companies been so good, nor have rail stocks been so highly regarded for both income and potential appreciation. Never in our memory has most main line rail infrastructure looked to be in better condition. The explanation is long and complex, going back at least fifty years. Nevertheless, current rail executive management deserves appropriate credit, which they are now receiving in record compensation. Their predecessors worked long and hard to bring about political and structural changes that made today's rail prosperity possible. Rail labor also made important concessions. Then, there is serendipity. Who would have imagined, years ago, an environment in which rail competitors would be facing such challenges are they are today? High cost of fuel, driver shortages, congestion, more demanding environmental and safety regulations, etc. The rails now look like a winner, but can it last?

One wonders if we are at the cusp of unprecedented growth in rail freight -- at least unprecedented since WW II -- or are we near the zenith of private freight rail prosperity? Which brings us to an *abandoned* rail bridge across the Hudson River at Poughkeepsie, N.Y., above Manhattan -- the only rail bridge crossing of the River until one gets almost up to the Albany area. The Poughkeepsie Bridge was an engineering marvel when completed in 1889, some 6,700 feet long and slightly more than 200 feet above the water. It's two tracks funneled rail traffic to and from southern New England and Metro New York, north and east of the Hudson. The Bridge was a casualty of the 1960's era northeastern railroads bankruptcy crisis. Now a recreational feature of the region, the structure remains an iconic proxy for all that was lost in the process of "saving" the northeastern rail system. How many additional "Poughkeepsie" bridges will come up for critical review, costly maintenance, or replacement in the future? Will some of them go the way of this historic structure, with corresponding loss of direct rail access to major consumer markets, such as NYC? Who will pay to replace those structures which cannot be "worked around"? Will the private rails be able to fund such massive projects from revenues, or will that fall to the public sector? If it's the public, how will such investment be "credited"? Or will it be another case of "socializing costs and privatizing profit", for the benefit of shareholders, executives, and their customers?

Part of the economic renaissance of the private freight railroad companies has been a business strategy which focuses only upon the lines of business that can be most efficiently and profitably handled, with a corresponding attempt to charge *"what the traffic will bear"*. This often impacts customers who have the fewest transportation alternatives. While not unique in the business world, many rail shippers have long been unhappy. Now, the Surface Transportation Board is cutting the filing fee for shipper complaints from $20,600 to as low as $350. We may soon learn how sustainable the rail freight business model really is. This could have real consequences for rail transportation in the U.S.. Keep your eye on the STB docket in D.C.