REPORT 2
Economic Impact

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CHAPTER 1: Economic Impact Study - Railroads Boost Jobs & Growth

For the first time ever, freight rail’s economic impact on America’s economy has been quantified—and it’s huge. According to a study from Towson University’s Regional Economic Studies Institute, freight railroads have a ripple effect that resulted in nine jobs for every one freight rail job and supported approximately $274 billion in economic activity across the country in 2014 alone. The industry also contributed billions in taxes at the federal, state and local levels, which helped build schools, pave roads and pay for teachers, police and firefighters. The experts agree: Freight rail has a significant economic footprint that must be preserved by smart public policy.
New research from Towson University shows that freight railroads trigger a powerful economic ripple effect across the United States. This report’s four chapters expand on the theme.

By Edward R. Hamberger

We all learned it in school: Molecules are the basic building blocks of life. Without them, our world as we know it would not exist.

In much the same way, freight railroads provide the foundation that enables the world’s top economy to thrive. For manufacturers and consumers, small and large businesses, energy companies and farmers, freight rail is the basic building block that allows a great sweep of economic activity to take place across the country. Without railroads, our economy would be vastly different.

This report, the second in the Association of American Railroads’ State of the Industry series, for the first time ever, shares data that begin to quantify the freight railroad sector’s economic and fiscal impact. The findings underscore the fact that freight railroads trigger a powerful economic ripple effect across a myriad of U.S. industries.

Whether selling and building automobiles and houses, powering businesses or enabling manufacturers to reach new customers, American industries rely on rail to get raw goods and products to market in the United States and beyond. The net economic effect is profound.

New research from Towson University’s Regional Economic Studies Institute has found that in 2014 alone, major U.S. railroads supported approximately 1.5 million jobs, nearly $274 billion in annual economic activity, approximately $88 billion in wages and nearly $33 billion in tax revenues.
Railroads make consistently high capital investments, and the results are impressive: high-paying jobs within the industry, additional jobs that are supported by the industry, the connection of a wide swath of industries and consumers to the global market, and the growth of local communities because of the infusion of sizeable funds into the market and government budgets. These benefits come at a savings of billions of dollars each year for taxpayers because America’s freight railroads operate overwhelmingly on infrastructure that they own, build, maintain and pay for themselves.

“Railroads have a wide footprint on the economy, impacting many industries and occupations,” the Towson researchers conclude.

As our first State of the Industry Report released in January explained, railroads are part of an integrated system that also involves trucks, barges and pipelines, and moves 54 tons of freight per American every year. Second to none in the world, this transportation network enhances both our quality of life and standard of living in innumerable ways.

This critically important network would not exist if policymakers undermined the transformative measures enacted through partial deregulation.

The Towson University report makes clear that this economic powerhouse relies on forward-thinking policies that allow railroads to earn the revenues needed to invest back into rail infrastructure and meet demands in a changing marketplace. Without these policies, the nation would lack a sound freight network that safely, reliably and cost-effectively transports goods and provides a passageway for people each day.

This second report of 2016 makes the case that smart public policy, massive private infrastructure and equipment investments by railroads have had a strong economic impact on America at large. Throughout the report, outside experts provide context regarding freight rail’s economic impact.

Through a mix of content, the four chapters of this report show the many ways that railroads contribute to our nation’s economic vitality:

1. **Impact on Nation’s Economy:** A synopsis of the Towson study and commentary on the effect of railroads on the economy from issue area experts.

2. **Impact on Customer:** How railroad industrial development teams catalyze economic growth in communities; the impact of freight rail on small businesses and the relationship between freight railroads and local economic development.

3. **Impact to Consumer:** A look at how freight railroads help make Americans’ lifestyle possible by providing safe, efficient and environmentally friendly service that results in store shelves lined with goods, auto lots filled with vehicles and even commuter and passenger rail’s ability to speed people to work each day.
4. **Railroad Regulations:** An explanation of what it takes to make a 140,000-mile, nationwide network the best in the world—including targeted investments in infrastructure and equipment made possible by smart public policies.

As you explore the report, you’ll discover that while railroads are not always visible to us as we go about our everyday lives, they have a deep economic impact that we feel every day. Later this year, we’ll expand the snapshot of what freight railroads make possible by focusing on the economic contribution of railroads to a select number of industries.

Meanwhile, the next time you see a freight train, don’t just think of tracks. Instead, remember those trains create jobs, support communities and bring American goods to the global marketplace.
Jobs, Output and Taxes: Freight Rail’s Economic Impact

A new study captures for the first time freight rail’s impact on the U.S. economy, including almost $274 billion in economic activity, nearly $33 billion in tax revenues and the support of about 1.5 million jobs across the country.

A new report from Towson University in Towson, Maryland, quantifies for the first time the sweeping economic impact of investments by major U.S. railroads, which each year fuel billions of dollars in activity throughout the U.S. economy and generate more state and local tax revenues each year than most states collect in taxes.

The Towson analysis finds that in 2014, Class I railroads created approximately $274 billion in economic activity and generated nearly $33 billion in total tax revenues while supporting nearly 1.5 million jobs across the country.

The report notes the industry spent nearly $28 billion in capital and maintenance expenditures that year, an amount equal to more than half of all federal government spending on transit formula grants, federal highway construction programs and airport improvement programs.

The study, conducted by the university’s Regional Economic Studies Institute (RESI), is the first of its kind. It directly measures the effect of investments by major U.S. railroads on the overall economy, including their impact on employment and tax revenues, and provides a lens into railroads’ positive influence on local economies. Later this year, the Association of American Railroads and RESI will expand the study to measure the economic contribution that railroads make to several major U.S. industries.
“Railroads maintain high-paying jobs and create numerous jobs in related industries that collectively spur significant economic activity,” said Dr. Daraius Irani, co-author of the study and chief economist at RESI. “Significant capital investments by railroads and the steady presence of a coast-to-coast network that can reliably deliver goods at a cost-effective rate generate a ripple effect seen in this study. Railroad spending means job growth, funding to communities and global competitiveness.”

‘Wide Footprint’

Examining what they called freight rail’s “wide footprint on the economy,” the RESI researchers analyzed the impact of the nation’s seven major Class I railroads with U.S. operations: BNSF Railway, Canadian National Railway, Canadian Pacific Railway, CSX Transportation, Kansas City Southern Railway Company, Norfolk Southern Railway and Union Pacific Railroad.

The researchers found that the railroads’ operations and capital investment in 2014 generated $273.6 billion in goods or services produced — or 1.6 percent of total U.S. economic output. This spending and investment had significant effects for the national and state economies, including $20.9 billion in federal tax revenues and $11.9 billion in state and local taxes.

In fact, the state and local taxes generated by railroads outpaced 2014 tax revenues collected by 30 states, including Colorado, Tennessee and Missouri. The report finds this economic activity is helping to put Americans to work, particularly in high-paying jobs within the rail industry, which, in turn, reaches communities. In 2014, the average U.S. Class I freight railroad employee earned $86,200 in annual wages and $33,400 in fringe benefits, for a total average yearly compensation of $119,600. By contrast, the average wage per full-time U.S. employee in 2014 was 66 percent lower at $57,100 annually, and average total compensation was 59 percent lower at $70,700 per year.

The RESI report finds in 2014, railroads supported about 1.5 million U.S. jobs — or 1.1 percent of U.S. workers — tied to railroad spending and generated nearly $89 billion in total wages, with one job in the freight rail industry supporting nine others. For example, railroad activity supported more than 234,000 retail trade sector jobs in 2014, such as those in motor vehicles, furniture and home furnishings and electronics and appliance stores. Railroads also supported roughly 125,000 manufacturing jobs and more than 113,000 transportation and warehousing jobs.
Clifford Winston, applied microeconomist and senior fellow in the economic studies program at The Brookings Institution, argues that railroads are an integral part of a transportation sector that affects every part of the U.S. economy and life.

“If you want to measure the impact of a transportation mode, you must consider what an economy would look like without that mode,” said Winston. “Freight rail is an integral part of the economy. Its extensive and improved network enables connectivity between buyers and sellers and facilitates trade within the United States and between the United States and other countries. Without an efficient rail network, U.S. industries would incur higher costs, and those costs would raise the prices of a large share of consumer goods.”

**Competitive Growth**

The Towson study links the economic success of the freight rail industry to milestone legislation passed in 1980 known as the Staggers Rail Act. The law partially deregulated the railroads, and gave them the power to set competitive market rates and operate and grow over their most efficient routes.

“While flat prior to the Staggers Rail Act, rail productivity has increased 139 percent since the regulation change,” the report says. “Most of these productivity gains were passed through to rail customers—decreasing the cost of utilizing rail transportation.”

Indeed, since the passage of Staggers, railroad infrastructure and equipment spending has totaled roughly $600 billion. During the same period, the report shows that the industry has seen a 79 percent decrease in train accidents, with an employee injury rate lower than most major industries, including trucking, water transportation, airlines, agriculture, manufacturing and construction.

As the researchers note, since the dawn of rail transportation in the 1800s, the industry has played a significant role in the nation’s economy. From creating jobs to enabling cross-country shipping and travel, today’s rail network now spans approximately 140,000 miles, and is a linchpin of the world’s most productive economy.

With a continued smart and balanced modern regulatory environment, the report says, Americans will continue to benefit from rail’s positive economic effects every day.
Experts: With Smart Policy, Freight Rail Spurs Economy

Respected experts like The Brookings Institution’s Clifford Winston and Competitive Enterprise Institute’s Marc Scribner agree that smart regulations allow freight rail to serve a vital role in the U.S. economy and must persist.

Economist Clifford Winston has a message for the next president of the United States: Resist the urge to introduce new regulations to the freight rail industry and let market forces continue to compel the railroads to operate efficiently.

Winston, an applied microeconomist and the Searle Freedom Trust Senior Fellow in the economic studies program at The Brookings Institution, spoke in an exclusive interview for this report. After nearly a century of counterproductive regulations, he said, freight rail now plays a vital role in the American economy as it moves beyond a legacy of inefficient federal oversight.

This is why, Winston said, lawmakers must take a “long-run view” of the industry and avoid imposing unnecessary new rules. By looking to the future, he said, legislators can preserve a competitive environment that has encouraged and allowed railroads to operate more efficiently, dramatically improve their financial performance during the past 30-plus years and significantly benefit shippers.

“Freight railroads are an integral part of the U.S. economy. Their extensive and improved network enables connectivity between buyers and sellers and facilitates trade within the United States and between the United States and other countries,” said Winston. “Without an efficient rail network, U.S. industries would incur higher costs, and those costs would raise the prices of a large share of consumer goods.”
True Measure

A new report from Towson University’s Regional Economic Studies Institute echoes Winston’s view. The report’s authors find that in 2014, freight railroads:

- Created almost $274 billion in economic activity
- Generated nearly $33 billion in tax revenues
- Supported approximately 1.5 million jobs and $88 billion in wages across the country

Winston stressed that the true measure of rail’s impact becomes apparent when one considers how the U.S. economy would perform if the country did not have a rail network. Indeed, unfortunate service disruptions that have occurred a few times during the deregulated era suggest that economic activity would be significantly curtailed. Fortunately, the nation has a reliable rail network that continues to improve because carriers are still shedding the inefficiencies that became ingrained in their business model under regulation—a model that should be avoided.

“The way railroads thought about their operations before regulatory reform was not ‘How can I be more efficient and innovative and be more effective than my competitors?’” Winston said. “It was ‘How do I satisfy the regulators?’ And that is a very different mindset.”

“A regulatory mindset was built up for decades and decades,” he said. “That wouldn’t be so bad if the regulations were efficient. But we know, based on overwhelming scholarly evidence, that regulatory policy was very inefficient and had adverse effects on the industry, shippers and the overall economy. Shedding bequeathed inefficiencies is no easy task, and railroads deserve credit for reinstating their place in the U.S. economy’s logistics system following partial deregulation.”

Challenges Ahead

Winston said this is especially important to recognize because of the challenges and pressures that lie ahead for railroads. Specifically, he pointed to globalization and the rapid development of new technologies in the transportation industry that would make new regulations on railroads all the more pointless and burdensome.

“With technological advances, such as automated vehicles, not only with railroads but also with trucks, now would be a terrible time to introduce new regulations that may affect competition in the industry,” Winston said. “I would urge any lawmaker considering additional regulations to take a long-term view. Realize that this industry is still evolving from an inefficient past, and while there may be some bumps along the way, overall, the path the industry is on today has been much better for railroads and American society compared with the industry’s evolution when it was stifled by excessive regulations before regulatory reform began in the 1970s.”
Winston is not alone in the conclusions that he has drawn from his and others’ academic research. In fact, the Association of American Railroads spoke with experts from across the ideological spectrum, and the takeaway is clear: The freight rail industry spurs economic activity while supporting communities and jobs. To maintain this positive presence, a smart regulatory environment must persist.

WHAT THE EXPERTS ARE SAYING

Eli Lehrer, president and co-founder, R Street Institute

“Everything from food to my kids’ toys will probably have been shipped by freight at some point. The efficiency of the U.S. freight rail industry and the historically high private investment in it is a major reason why we have the highest GDP per capita of any country.”

Philip Romero, professor of business, University of Oregon

“At least as far back as Adam Smith, economists recognized the power of trade: It allows consumers to source their purchases from the most efficient producers. Trade is only possible with an efficient transportation system. For the majority of the world’s population that does not live near a seacoast, this means rail. Being exposed to competition from distant competitors forces firms to ‘up their game’ even in isolated, landlocked rural areas. So even rural customers get greater choice and lower prices. And workers earn more, because competition forces them to be more productive.”

Marc Scribner, fellow, Competitive Enterprise Institute

“It is clear that additional regulations would not fix any problems that the market and intense competition are not already solving. The lives of all Americans would be radically different for the worse without a healthy freight rail network. Without freight railroads, we wouldn’t be able to move goods at the necessary volumes to remain a robust economy. These benefits would absolutely not persist if railroads operated in a stricter regulatory environment with less flexibility. Why ‘fix’ something that isn’t broken?”
CHAPTER 2: Where Trains Travel, Businesses Thrive & Communities Grow

How do railroads deliver economic prosperity across the nation and help America’s businesses and communities thrive? In small towns like Tuscola, Illinois, railroads are spearheading initiatives that are turning unused land and shuttered facilities into revitalized industrial hubs. In Long Island, New York, a five-year-old rail terminal is helping alleviate crippling gridlock and boosting the local economy. And in New Mexico, freight rail is behind one of the largest economic development projects in the state’s history, and is transforming a small desert community into a 21st-century boomtown.
Big Economic Opportunities in America’s Small Towns

Freight railroads are helping communities land big industrial projects.

Like many small towns, the forces of technology and globalization have transformed Tuscola, Illinois. Over the past 30 years, some local employers have shrunk their workforces from thousands of employees down to just a few hundred, and young people have increasingly fled to big cities in the pursuit of opportunity. But today, Tuscola—with help from freight rail—is creating new economic growth by leveraging Illinois’ central location, world-class transportation infrastructure and its highly trained and motivated workforce.

After considering 76 sites that stretched across nine states, Cronus Chemicals approached Brian Moody, executive director of the Tuscola Chamber and Economic Development, about building a new fertilizer production plant in Tuscola. From there, Moody connected Cronus Chemicals with CSX Transportation (CSX) and its Select Site program.

Launched in 2011, the Select Site program identifies properties that are suitable for economic development and easily served by freight rail. Under the program, CSX representatives work with experts in industrial site selection to determine if a location meets a rigorous list of development criteria, including infrastructure and utility availability, environmental reviews, appropriate zoning and entitlement, air quality permitting, rail access, proximity to highways or interstates and other attributes. Programs like Select Site give a community a competitive edge by making a rail-served site more attractive to companies and site selection specialists, who are looking for locations for business startups, expansions or relocations.

In Tuscola, CSX reviewed 240 acres of farmland west of town and near Interstate 57, and determined that the area was physically, legally and logistically capable of hosting a large-scale business. Through close collaboration with CSX, Cronus Chemicals chose the Tuscola site for the construction of a $1.5 billion fertilizer production plant.
“After an exhaustive process, we are thrilled to bring this fertilizer plant to Illinois and we look forward to working with the Tuscola community to create high-quality fertilizers for Midwestern farmers,” said Erzin Atac, CEO of Cronus Chemicals. Construction will begin fall 2016 and last nearly three years.

According to early estimates, the facility is expected to create approximately 2,000 temporary construction jobs and 175 permanent jobs, and generate an annual economic impact of more than $110 million. One of the largest private investments in central Illinois since Mitsubishi Motors opened an auto factory in 1988, the Cronus Chemicals facility is located in Tuscola because of the CSX Corporation Select Site program.

“Illinois is proud to partner with Cronus Fertilizers, and I welcome the thriving and innovative giant to Tuscola,” then Illinois Governor Patrick Quinn said. “A new plant here in the Heartland will provide an enormous benefit for our Central Illinois economy, provide a locally made product for our farm industry and create thousands of well-paying jobs for the hardworking men and women of our state.”

By determining the suitability of prospective properties, CSX saves businesses significant amounts of time and money that would otherwise be spent reviewing prospective sites. And since CSX Select Sites are located on or near rail lines, businesses know they can benefit from the efficiencies and cost-effectiveness of freight rail. Indeed, Moody confirmed that the ability to build rail infrastructure on-site was a major selling point for Cronus executives, who are planning to ship large quantities of fertilizers to East Coast markets.

“It has really been a positive relationship,” said Moody. “It allows us, as a very small community, to be a player in large-scale economic development.”

CSX’s focus on identifying economic development opportunities mirrors that of other railroads. All major freight railroads actively work with current and potential customers to identify the best opportunities along their rail lines. Many shortline and regional railroads also create economic opportunities for small towns. These railroads are frequently the primary transportation preference for communities where a single industry can make the difference between boom and bust.
For example, Genesee & Wyoming’s (G&W) more than 100 shortline railroads work with local economic development officials across the country to identify and market sites for development. Recently, one of G&W’s shortline railroads helped identify property in Arizona, where a Midwestern egg producer built four new farms. All four farms are adjacent to shortline rail service, allowing the delivery of chicken feed by rail and helping the producer expand to West Coast markets.

To Moody, this type of partnership is invaluable to any small town. “People see opportunity, and they really see the value in pursuing it,” he said. “CSX has really helped us tell the story of a small town that has gone boom, bust and about to boom again.”
Why New York Small Business Is in a Freight Rail State of Mind

Thanks to shortline railroads, Long Island small businesses are realizing their full potential and improving daily life for those who call the island home.

Surrounded by the East River, the Atlantic Ocean and Long Island Sound, New York’s Long Island has long been one of the least accessible marketplaces in the country despite being home to more than 7.8 million residents. Local businesses have traditionally had to transport goods, commodities and finished products to and from the island by road, crossing one of seven heavily congested bridges and navigating horrendous New York City commuter traffic along the way.

The inaccessibility of the island came into sharp focus after Hurricane Sandy made landfall in October 2012. As communities began to rebuild, the need for lumber and other building materials was more urgent than ever before.

Fortunately, only a year before the storm, Brookhaven Rail Terminal (BRT) opened in Yaphank, New York. Served by New York & Atlantic, a shortline railroad, the terminal was created to handle shipments of construction materials, such as sand, gravel and crushed stone. However, even with the shipment of heavy materials, weight restrictions still applied to Long Island Rail Road tracks. In the wake of Hurricane Sandy, authorities lifted these restrictions so suppliers could deliver as much lumber as possible to help communities recover.

“A lot of the first shipments we made to BRT were lumber for rebuilding from the storm,” said Andy Polbos of LBM Advantage, a not-for-profit cooperative that supplies independent mom-and-pop lumberyards on Long Island. “After the hurricane, we called BRT to bring 400 cars of lumber to its facility to help people rebuild.”
What was a response to a natural disaster is now an economic engine for Long Island, home to around 40 percent of New York State’s population. Today, both LBM Advantage and Home Depot—which has 46 stores on Long Island—ship millions of dollars’ worth of lumber into the rail terminal. Along with shipments of flour, soybean oil and other commodities, BRT now handles almost one million tons of freight a year. In March 2016, a record 330 rail cars arrived at the terminal in one month.

For businesses like LBM Advantage, access to freight rail has shortened turnaround times on shipments, reduced costs and increased their ability to respond to market demands in real time. By using warehousing facilities at BRT, LBM Advantage can maintain millions of dollars’ worth of inventory, allowing local lumberyards to pick up supplies multiple times in a single day.

Most importantly for LBM Advantage—and the independent lumberyards it serves—BRT has played a major role in helping the cooperative achieve staggering growth. LBM Advantage’s sales have increased by 30 percent, and its market share has grown by almost 50 percent since the rail terminal opened.

“We treat BRT as an extension of all we do,” said Polbos. “We’re looking to expand and transport drywall, roofing shingles and more. I can’t emphasize enough how important the facility has been for us.”

Business has been so brisk at BRT that just five years after opening, the rail terminal is adding new track and expanding overall capacity to meet growing demands. In addition to erecting additional buildings for storing and cutting lumber, there is continued talk of building a large food distributorship, which would create hundreds of permanent jobs.
“The benefits of rail are tremendous, and I’m happy that the Brookhaven Rail Terminal is taking advantage of those benefits to the extent that they now see the need to expand,” said Dean Murray, New York State Assemblyman, 3rd District. “This expansion will result in more jobs and an immediate boost to the local economy.”

From Road to Rail

The ability to haul goods by rail isn’t just benefitting Long Island’s lumberyards. Before 2012, Wenner Bakery, which specializes in breads, pastries and rolls, trucked almost one million pounds of flour every two days to its bakery in Bayport, New York, on Long Island. Today, the bakery’s flour, which is sourced from producers in North Dakota, is transported to Fresh Pond Junction in New York City by CSX Transportation. From there, New York & Atlantic takes over and delivers about 35 rail cars of flour to BRT each month. That’s enough flour to bake well over nine million loaves of bread.

According to Paul Victor, president of New York & Atlantic, the railroad serves as a vital link between customers on Long Island and the national rail network. By delivering the flour by rail, the railroad is meeting the bakery’s staggering demands while removing traffic from the region’s crowded roads. Victor estimates that by hauling Wenner Bakery’s flour, New York & Atlantic takes almost 2,000 trucks off the region’s highways and bridges each year.

“This type of road-to-rail conversion will be even more important in the years to come,” Victor said. “The costs of trucking through New York City will continue to go up, and not down. Going forward, we can continue to take traffic off a congested mode and put it into the market via rail.”
Judy White, communications director for BRT, echoed the importance of rail for the island, which is the most populated island in any U.S. state or territory. Over the last two years, she said, BRT handled more than 4,000 freight rail cars, which translates to 16,000 trucks that would otherwise be on the road. Planned expansion of BRT later this year will help ease road congestion even more—and just as importantly, meet the growing demand for freight rail.

“I get calls every day from people who have heard about the terminal and are looking to sell on Long Island,” said Jim Newell, president of BRT. “Rail is proving to be instrumental in helping Long Island small businesses realize their full potential, while improving daily life for those of us who call Long Island home.”
Boomtown: How Freight Rail Helped Create a Global Economic Hub

In Santa Teresa, New Mexico, community leadership and spending by privately owned freight railroads are yielding big results.

How do you transform a small desert community into a 21st-century boomtown?

For years, leaders in Santa Teresa, New Mexico, tried to answer this very question. Located just a few miles north of the United States-Mexico border and minutes west of the Texas state line, this town of about 4,200 residents had long lived in the shadow of its big brother to the east: El Paso, Texas. Given its strategic location, however, generations of local, state and federal officials long recognized Santa Teresa’s potential for growth.

New Mexico Economic Development Secretary Jon Barela, who grew up near Santa Teresa, is one of those visionary community leaders. He remembers when economic opportunities were few and far between. Today, with Santa Teresa bursting at the seams, Barela sees the community’s work finally paying off.

“Historically speaking, there were some efforts to develop the Santa Teresa area, but they lacked staying power,” Barela said. “The key to our success is the steps we’ve taken to make New Mexico a better place to do business while working with the business community to address its needs.”

There is perhaps no greater example in New Mexico, known as the Land of Enchantment, than the collaborative approach that brought Union Pacific Railroad (UP) to Santa Teresa.
In 2006, the railroad proposed building an intermodal rail terminal in Santa Teresa—one of the largest economic development projects in the state’s history. The volume of intermodal traffic—shipment of goods across trucks, trains and cargo ships—was increasing for all major railroads, including UP. In Santa Teresa, UP saw an opportunity to build a new facility that could meet its customers’ growing intermodal needs.

When state and local officials caught wind of the plan, they saw something else: jobs.

To bring their shared vision to life, UP and local government officials forged a public-private partnership. State officials, including Governor Susana Martinez and Secretary Barela, met with UP and members of the business community to address roadblocks that stood in the way. The group then worked together to enact incentives, such as the elimination of the state’s diesel fuel tax and the creation of a 12-mile international overweight cargo zone at the Santa Teresa port of entry.

This collaborative effort quickly yielded results. UP broke ground in 2011, and today, the railroad’s Santa Teresa facility stretches across 2,200 acres. Home to seven tracks and 100 miles of rail, the facility is built to handle 225,000 intermodal containers a year. Many of those containers come from the ports of Los Angeles and Long Beach, the two busiest ports in the United States. Santa Teresa is also an important transfer point for freight traveling between factories along the United States and Mexico border and to markets worldwide.

With an overall economic impact of $500 million for the state economy, freight rail’s presence has delivered economic growth to New Mexico. Less than a year after the facility opened in 2014, New Mexico exports across the Mexico border nearly doubled, from $802 million to $1.5 billion. Employment in Santa Teresa has skyrocketed with 3,000 construction jobs created during the building of the facility, between 2011 and 2015, and 600 permanent jobs.

Nearly a dozen new businesses have sprung up near the intermodal terminal and several more have located or expanded in Santa Teresa because of the opportunities the nearby facility has created.

“We started looking at property out here in 2007 because we had heard rumblings...that UP was thinking about moving out here,” said Ed Hazelton, president of Twin Cities Services, a container hauler and storage company located in Santa Teresa. “Without UP here, I don’t think any of us would be here.”

Other businesses that located here include Transmaritime, Inc., a transloader and warehouse facility; ERO Intermodal Services, a company that maintains and repairs truck chassis and containers; Stagecoach Cartage and Distributing, a 10-acre transload warehouse and W Silver Recycling, which uses rail to transport recycled metals. And even local businesses like Penny’s Diner are thriving thanks to the influx of new patrons.
“Private rail investment was a critical and vital selling point for many businesses,” said Barela. “It signaled to the world that Santa Teresa was a strategic place to do business with the potential to be a vital part of the border and cross-border trade.”

Today, New Mexico is an export jobs growth leader.

Lessons Learned

For Barela, the story of the transformation of Santa Teresa—which he calls “a shining star of economic development”—is a story that he can never stop telling.

“It shows how public-private partnerships can work and how a large investment can transform an economy and create thousands of job opportunities in the private sector,” Barela said. “We’re not done. We’ll keep taking steps to make our state more attractive to businesses because when companies bring jobs to New Mexico, our state wins.”
CHAPTER 3: Helping People Helps the U.S. Economy

You might not think about freight rail's impact on your daily life, but it touches you in many surprising ways. From the food on your table and the clothes in your closet to the hottest electronic gadgets and new cars, freight railroads deliver just about everything you eat, wear and use every single day. Trains even play a role in getting you to work on time through collaborations with commuter rail systems like Chicago’s Metra. Thanks to railroads spending billions each year in technology and infrastructure, goods move from the factory floor to you as efficiently as possible.
Preparing for the Future with Intermodal Freight Rail

In today’s globalized world, freight railroads are investing heavily to meet the intermodal demands of tomorrow.

Take a look around your house, office or car. Whether you see a pile of laundry, a laptop or children’s toys, chances are good that these everyday items traveled across the country or around the world before reaching you. And the journey that these goods and products took affects everything from what stocks the shelves of your local store to the prices you pay.

For businesses, providing consumers with goods both affordably and quickly depends on intermodal transportation. Defined as the movement of freight across multiple modes of transportation—think truck, train and cargo ships—intermodal has been a singular force in creating the globalized economy that we know today.

Rail intermodal has been growing rapidly for many years. As America’s economy and population grow, demand for intermodal will grow, too. To prepare, freight railroads have been modernizing their intermodal networks by building new terminals, increasing tunnel heights, enhancing service reliability and more.
Spending in the Sunshine State

Florida’s PortMiami and the Florida East Coast Railway (FECR) worked together to install three 3,000-foot rail tracks on PortMiami’s docks. The installation introduced a whole new level of efficiency, allowing the direct transfer of intermodal shipping containers from some of the world’s largest ships onto trains.

“Our goal is to facilitate the process of cargo shipments for fast and efficient delivery to our customers,” said Port Director and CEO Juan M. Kuryla. “Through our partnership with FECR, we are expanding access for shipments coming into and out of the port to reach their final destinations seamlessly and with great reliability.”

To speed shipments inland, FECR runs multiple scheduled trains each day.

“We currently move around 45,000 containers annually at PortMiami and [now] have the capacity to handle up to 225,000 containers yearly,” said Jim Hertwig, president and CEO of FECR.

That’s important because FECR is a critical link between PortMiami and marketplaces across the United States. FECR delivers cargo to markets in North Florida within 10 hours. Thanks to connections with CSX Transportation and Norfolk Southern Railway, shipments arriving at port from places like South America and Asia can reach markets, such as Atlanta, Georgia and Charlotte, North Carolina, within two days, and 70 percent of the U.S. population within four days.

Meanwhile, West Coast ports and railroads are also investing for growth in intermodal shipments. A key component of the Port of Long Beach’s Middle Harbor Terminal Redevelopment project involves expanding on-dock rail by as many as 47 acres to accommodate up to 2,100 trains a year by 2025. Similar facilities across the country help alleviate congestion on the nation’s overburdened highways by shifting freight from trucks to trains.
Implements Across America

Intermodal improvements aren’t limited to ports in America’s coastal cities. In 2013, BNSF Railway built an intermodal terminal near Edgerton, Kansas, that features six 8,000-foot rail tracks, more than 1,800 parking spaces for intermodal rail cars and room for stacking 4,300 containers. Five wide-span cranes that produce zero emissions transfer containers to and from trains, allowing the facility to handle up to 500,000 intermodal units a year.

Further south, Kansas City Southern Railway Company (KCS) recently opened a new intermodal terminal in landlocked Collin County, Texas. The railroad invested more than $64 million—in private funds, not taxpayer dollars—to build the facility and has more than doubled their intermodal capacity. With modern technology, such as automated gates, optical scanners and biometric identification, KCS can quickly, efficiently and safely move hundreds of thousands of containers a year.

Serving Customers and Consumers

Railroads’ intermodal investments don’t just benefit their customers—they improve the entire transportation network by helping trucks and maritime do what they do best. When the entire transportation network runs efficiently, the savings are often reflected in lower prices paid by consumers.

“What intermodal really does is take advantage of the best potentials of all the modes of transportation,” said Anthony Hatch, an independent transportation analyst. “It gives shippers the flexibility of trucks, the economy of scale of freight rail and the global reach of maritime.”

“The information technology revolution has helped railroads improve intermodal capabilities,” said Hatch. While freight railroads have always collected and used data, today they can share that data in real time across their network and with other railroads too. Enhanced data sharing has improved reliability, making railroads a competitive option for shorter freight journeys that used to be the sole domain of trucks traveling on congested highways.

“Railroads have simply gotten better,” said Hatch. “Today, you’re seeing this level of logistical cooperation aimed at solving shipper problems across railroads and across the intermodal network.”
Jason Howe, regional vice president with the major trucking and logistics company Schneider, agrees. “All railroads are investing in infrastructure and enhanced technology. These investments help goods to flow more smoothly and quickly, and allow us to move more produce with the same number of trucks on the road.”

“In today’s global economy, improvements like these can make or break a business, and they have a major influence on consumers’ choices,” Hatch said. Even in the face of today’s economic headwinds, freight railroads continue to spend heavily to prepare for evolving market needs and provide solutions to customers’ challenges as they arrive—whether by ship, truck or train.
Moving the American Auto Industry on Steel Wheels

Freight railroads are a reliable and nimble partner of U.S. automakers, laying the groundwork for continued growth and vehicle sales that span the globe.

Though the Great Recession of 2008-2009 ravaged U.S. automakers, the auto industry has since been transformed and has staged a remarkable comeback story. The results are visible in new and expanded factories as well as in the number of vehicles sold. In 2015, Americans purchased approximately 17.5 million new cars and light trucks—a record high.

This impressive figure is welcome news for consumers, auto manufacturers and the eight million American workers who depend on auto-related jobs. Yet such rapid growth presents its own challenges—not least among them, maintaining a smooth and efficient supply chain.

“With tremendous growth has come a lot of demand, particularly for finished automobiles moving on the railroads,” said Jon Haselwood, assistant vice president of automotive at CSX Transportation (CSX).

Major railroads across the country have responded by making significant investments in their networks and refining their operations to better serve the auto industry. Since freight railroads move approximately 75 percent of all new cars and light trucks sold in the United States, these efforts are starting to pay off in a big way.

In 2010, U.S. Class I freight railroads delivered 955,000 carloads of finished automobiles; in 2015, they delivered 1.45 million carloads—a 52 percent increase. And since about three percent of U.S. gross domestic product is derived from the auto industry, freight rail’s responsiveness is also yielding big dividends for the U.S. economy as a whole.
Beyond Motor City

Over the past two decades, the geography of the North American auto industry has changed dramatically. Far from the days when Detroit’s ‘Big Three’ dominated the auto scene, auto manufacturing in the United States now includes both foreign and domestic brands, as well as automobile assembly plants in 14 states and Mexico.

Given the expansive nature of today’s auto industry, rail is an essential cog in the automotive wheel. “Efficiency-wise, in terms of long-haul movements, you can’t beat what railroads bring to the table,” said David Schwietert, executive vice president of federal and government relations and public policy at the Alliance of Automobile Manufacturers.

AMERICA’S AUTOS RIDE THE RAILS

Rail Carloads of Automobiles Closely Linked to U.S. Automobile Sales

Freight rail traffic is largely dependent on demand for the products railroads haul, such as new cars for American families. Railroads haul a large percentage of the new cars manufactured and sold in the U.S., making them an essential part of America’s manufacturing story.

Notes: *Carloads are terminations by U.S. Class I railroads and include auto parts. Excludes auto-related intermodal traffic.
Source: Bureau of Economic Analysis, Association of American Railroads
“The rail network is the backbone of the entire automotive supply chain,” added Mark Boucher, general manager of vehicle logistics at Volkswagen Group of America. “Railroads can move big volumes, long distances, both safely and cost effectively, while our trucking partners help deliver our shorter hauls quickly and economically. However, for most routes for a single manufacturing plant serving an entire continent, it would be difficult, if not impossible, to be successful without utilization of rail.”

Delivering on a Promise Efficiently

Not content to simply connect this far-reaching North American network, railroads are constantly investing and innovating to maximize efficiency for all of their customers, including American automakers.

Case in point: Railroads have expanded their fleet of autoracks, which are multilevel rail cars designed to carry finished vehicles. “In the last four years, the industry as a whole purchased 10,000 autoracks,” said Dave Fleenor, assistant vice president of automotive at BNSF Railway (BNSF). “That’s a $2 billion investment since 2011.”

Those purchases include thousands of convertible, multi-level autoracks. Unlike traditional autoracks, convertible autoracks can accommodate trucks, SUVs and sedans, and can be used to transport vehicles even if consumer purchasing patterns change. In 2015, railroads successfully handled a 13 percent increase in demand for trucks and SUVs, thanks largely to convertible autoracks.

"Railroads are staying ahead of automotive demand by ramping up orders of equipment,” said David Sellers, assistant vice president of automotive at TTX, a leading railroad-owned provider of rail cars, including autoracks. “In 2016, railroads will add over 3,000 TTX-managed autoracks to their rail car inventory. We anticipate this trend will continue as automotive manufacturers expand capacity."

Additionally, railroads have continued to invest heavily in rail network improvements that are designed to meet the needs of their auto customers. For example, to better serve new auto facilities in the southeastern United States and Mexico, railroads have invested millions of dollars in rail facilities specifically designed to handle automobiles. Tunnel expansion projects initially done to accommodate intermodal traffic also accommodate larger autoracks, increasing the number of autos that can be shipped on a single train.
Railroads have also improved network fluidity by reducing the amount of time rail cars sit idle, improving scheduling, boosting the number of crews devoted to auto-related trains and running dedicated trains of automobiles when possible.

These improvements collectively are yielding big results.

“Compared to a few years ago, the rail industry as a whole has made significant progress in its service performance,” said BNSF’s Fleenor. “We expect to continue to see improvements in our service to automotive customers and will remain focused on ensuring all vehicles reach their destination on time and damage free.”

**Fostering Global Growth**

In 2015, two million new cars and trucks built in the United States were shipped to other countries, including China, Saudi Arabia and South Korea. In order to meet this demand, railroads worked closely with automotive customers.

“It really is the wish of the customers: Do they want to be near the port or do they want to be inland?” said CSX’s Haselwood. “Either way, we work closely with our customers and port authorities to support their exporting needs.”

Such customer service is emblematic of freight rail’s relationship with automakers and its other customers in industries spanning the economy. Despite weather and equipment availability challenges in the wake of the recession, today the railroad-automotive industry relationship has improved, said the Auto Alliance’s Schwietert. Railroads remain, he said, an irreplaceable part of the automotive supply chain. “Nothing beats the capacity and sheer scale of what a unit train can carry,” Schwietert said.

In the coming years, the business between the auto industry and freight railroads will continue to grow. Many analysts predict 2016 will be another record year for U.S. new car sales. Thanks to billions of dollars in spending on their infrastructure and equipment and improved processes to aid on-time performance, America’s railroads will help that projection become a reality.
More Than Cargo: How Freight Rail Keeps Commuters Moving

In Chicago, six freight railroads are showing why communication—and lots of it—is the key to a safe, smooth and on-time ride for the region’s commuters.

Few routines are more loathed than the daily commute. Whether you are stuck in traffic or packed onto a crowded subway, delays, stress and frustration can quickly mount. Yet while millions around the country trade tales of commuting woes, a different story is being written in Chicago.

In the Windy City, the nation’s second-busiest commuter rail system is carrying 300,000 riders each weekday. Despite navigating the most complex and congested rail terminal in North America, Chicago’s Metra rail system has become a model of prompt and efficient service, boasting an on-time performance of more than 95 percent for 12 consecutive months. That’s thanks in no small part to freight rail.

“The efficiency and effectiveness of freight rail transport in the Chicago region is critical to the economic development of Chicago,” said Jeffrey Sriver, director of transportation planning and programming for Chicago’s Department of Transportation. “Likewise, the efficient and effective delivery of commuters to and from the city every day is also extremely important for the economic vitality of our city. Freight and passenger rail have a shared interest in making sure all entities can come to mutually acceptable solutions to any issues.”

Every weekday, Metra makes more than 700 trips across the Chicago Switching District’s 980-mile rail network, the majority of which is owned by freight rail. In addition to Metra’s traffic, the network hosts an additional 500 freight trains and dozens of Amtrak trains each day. In the face of so much traffic, freight railroads execute a well-choreographed dance to keep trains running on time.
“We have an excellent relationship with our freight partners,” said Metra Executive Director and CEO, Don Orseno. “If we didn’t have these relationships, we wouldn’t be able to run our commuter system as well as it runs today.”

Collaboration Across Chicago

In 1999, a major blizzard shut down Chicago and caused disruptions in all rail service. In the wake of this storm, a consortium of freight, commuter and passenger railroads operating in the city established the Chicago Planning Group (CPG). Shortly thereafter, the CPG created the Chicago Transportation Coordination Office, or CTCO. Through the CTCO, railroads are working more closely to identify critical factors impacting rail operations within the Chicago region.

More recently, the CPG created a second organization, the Chicago Integrated Rail Operations Center, or C-IROC. C-IROC has direct connections to each rail carrier, and track views allow employees to monitor conditions around the clock, share real-time updates and take proactive steps to ensure that trains traversing the city’s rail network run as safely and smoothly as possible.

CTCO and C-IROC ensure that if, for instance, a blizzard threatens to cripple the city, pre-established action plans are used to safely and efficiently manage the anticipated volume of inbound rail traffic—based upon rail yard capacity—and prioritize the trains that do continue to run. The goal of this planning is to ensure that even if freight and commuter rail service slows in a snowstorm, it doesn’t stop.

“The number one thing CTCO and C-IROC allow us to do is openly communicate so that rail traffic issues will be quickly pinpointed and addressed through a detailed monitoring process,” said Orseno. “The global proactive approach to managing our network that the industry is taking now has really changed the reality of what’s possible.”

Even minor delays due to a passenger in need of medical attention or a faulty signal can be an opportunity to improve. Instead of holding up rail traffic across the network while an issue is resolved—as has often occurred in decades past—today C-IROC facilitates communication among railroads and coordinates potential alternate routes to keep trains moving.
Finally, freight, commuter and passenger railroads are also working together to untangle the web of railroad tracks that crisscross the city. Together with local, state and federal officials, railroads launched the Chicago Regional Environmental Transportation and Efficiency Program, known as CREATE, in 2003. With 70 projects planned and 25 already completed, this multi-billion dollar, public-private partnership is improving grade crossings, replacing aging infrastructure, improving connectivity and eliminating intersecting rail lines. When all CREATE projects are complete, freight rail delays are projected to be reduced by 50 percent and passenger rail delays by 75 percent.

Amazing Results

Near 63rd Street and Wentworth Avenue on Chicago’s South Side, Metra commuters are flying high thanks to CREATE. In the fall of 2014, a new overpass dubbed the “Englewood Flyover” replaced two intersecting tracks—one that carried Metra passengers into downtown and out to the suburbs and one that carried Norfolk Southern Railway (NS) freight trains and Amtrak passenger trains east and west across the city. Formerly the site of one of the most congested rail intersections in the United States, today the new overpass carries Metra trains over NS tracks, allowing more than 130 trains each day to travel—without pause—in and around Chicago.

To Orseno, these types of improvements are a result of the collaborative spirit that is helping make the Chicago rail network more efficient every day. “Communication drives everything. You can have all the technology in the world, and without good relationships and open communications, everything would start to fail. But when you’re working together and can witness 1,300 trains moving smoothly through Chicago throughout the day, it’s an amazing thing to see.”
CHAPTER 4: Balanced Economic Regulations Make This World-Class Network Possible

Smart public policy allows railroads to invest in the rail network and meet the needs of a changing marketplace—today and tomorrow. The market-based approach favored by regulators over the last three decades has allowed the U.S. freight rail industry to earn the necessary revenue to greatly enhance efficiencies and safety, and become widely regarded as the best in the world. That could change if policymakers roll back years of progress by reverting to anti-market approaches of the past.
Proposals to Reregulate Railroads Hurt the American Economy

Proposals under consideration at the U.S. Surface Transportation Board will undercut innovations and investment and echo an earlier era when overzealous government intervention pervaded nearly every aspect of the rail industry.

The U.S. Surface Transportation Board (STB), an independent federal agency charged by Congress with resolving certain railroad rate and service disputes and reviewing proposed railroad mergers, is weighing several proposals that threaten to damage railroads and hurt U.S. companies and consumers alike.

The proposals under consideration are echoes of an earlier era. Before the rail industry was partially deregulated in 1980, excessive government intervention permeated nearly every aspect of railroads, driving much of the industry into financial ruin.

“The fundamental achievement of partial deregulation was that it brought market-based principles to an industry forced into severe inefficiencies by a century of man-made regulations,” said Bob Gallamore, a nationally recognized expert on railroad economics, technology and safety.

The market-based approach favored by regulators over the last three decades has allowed the freight rail industry to greatly enhance efficiencies and attract the revenue necessary to make railroads the “comeback kid” of the U.S. transportation network, Gallamore said. Today, U.S. freight railroads are widely regarded as the best in the world.

Proposals that would begin to reverse rail’s advances, however, suggest a new willingness of the STB to revert to interventionist, anti-market options. The physical and financial conditions of freight railroads before partial deregulation provide ample evidence of the downside of overzealous government
intervention. Today’s healthy, market-influenced freight rail industry, on the other hand, has a significant impact on the U.S. economy, serving as a potent economic multiplier.

“The economic regulation proposals before the STB should be a wakeup call for anyone who relies on freight railroads, which includes major manufacturers and most Americans,” said John Gray, senior vice president for policy and economics at the Association of American Railroads.

Here are three of the most concerning proposals currently under consideration at the STB:

**Reregulation of Select Commodities**

The STB is proposing to reregulate the transportation of five commodities: primary steel products, coke made from coal, hydraulic cement, scrap steel and crushed stone. These commodities have not been regulated for two decades because competitive transportation options, such as barge, rail and truck, are pervasive. Regulation would distort and disrupt the competitive marketplace that currently protects shippers of these goods.

This proposal is a step backward toward a time when government was heavily involved in the pricing system for all rail commodities. The regulations of the day did not allow railroads to adapt their prices and services to market conditions. That lack of adaptability caused network inefficiencies that damaged service for shippers around the country.

Conversely, marketplace competition resulting from deregulation has provided shippers the opportunity to reach out into new markets and has kept freight rail rates among the lowest in the world. This new proposal would replace the market with regulatory controls, ultimately hurting shippers, rail companies and consumers.

**Forced Access**

A segment of rail shippers wants to force railroads to turn over their business to other railroad competitors. Doing so would upend the logistical efficiencies that today benefit all customers using the U.S. rail system to move their goods. Railroads purposely concentrate and move traffic along certain routes to maximize operational efficiencies and network fluidity. The railroads’ purposeful routing practices, which have been honed over three decades, take into account the health and operation of the entire network and benefit all customers, not just a few.

Undoing the efficiencies and benefits recognized by all rail customers under today’s routing operations for the benefit of a few shippers would hurt the overwhelming majority of businesses that rely on rail. Forced access is an anti-competition move that will slow rail traffic, increase shipment delivery time and result in higher costs to both shippers and consumers.
Railroad Price Controls

A proposal being pushed by a handful of rail customers who want to pay less to move their goods by rail would cap the rates a railroad could charge when the railroad’s revenues exceed a ceiling designated by the STB, a concept referred to as being “revenue adequate.” Such direct government intervention would effectively impose price controls on railroads, allowing market forces to only work on the downside. The proposal would also leave railroads with much less money to expand and modernize a nationwide rail network that helps move 54 tons of goods for each American every year and provides the foundation for most passenger and commuter service in the United States.

“The success of today’s robust rail network is the result of three decades of smart economic regulations that encourage, not thwart, private investments,” Gray said. “The reason the U.S. rail system outperforms and offers lower freight prices than every other rail network in the world is because regulators have encouraged market forces that provide incentives for competition and private investment.”

U.S. FREIGHT RAILROAD PERFORMANCE SINCE THE STAGGERS ACT

In 1980, as a result of the deterioration of the U.S. freight railroad industry, Congress passed a series of regulatory reforms known as the Staggers Rail Act. These reforms allowed railroads to act like most other businesses in terms of managing their assets and pricing their services. Today, America’s freight railroads are flourishing under this balanced regulatory system while rail shippers are enjoying lower rates, better service and improved safety. And, thanks largely to this balanced regulatory structure, railroads have been able to invest $600 billion since 1980 into the nation’s rail infrastructure and equipment, greatly improving rail productivity and reliability.

Source: Association of American Railroads
“Continuing those incentives for private investment should be how the federal government looks to meet the freight rail challenges of the future. Regulatory handicapping of these investments will have a negative effect for generations to come,” said Gray.
Economic Deregulation Drives Safety

A new study from the Mercatus Center at George Mason University credits dramatic improvement in railroad safety since the 1970s to substantial economic deregulation, and not increased safety regulation.

A new independent study has found that partial deregulation of the freight railroad industry in 1980 dramatically improved safety by spurring greater investment in rail infrastructure.

Published in the international journal *Review of Industrial Organization*, the findings by George Mason University economists Jerry Ellig and Patrick A. McLaughlin show that federal economic regulation imposed on railroads in the decades prior to 1980 depressed investment in maintenance by reducing the profitability of railroads. Poorly maintained track and equipment are less safe.

The authors say the era of excessive economic regulation also encouraged unnecessary switching, which is the breaking up and reassembly of cars into different trains. Switching is a complex, labor-intensive activity that can increase the risk of injuries and accidents. Reducing the number of switches reduces the opportunity for mishaps.

A new era of deregulation ushered in tremendous safety improvements in the 1980s.

“The removal of much economic regulation substantially improved safety by altering railroads’ investment and operating behavior,” the authors write.

The groundbreaking Staggers Rail Act of 1980 deregulated most rail rates and made it easier for railroads to abandon unprofitable lines. Railroads, economists and financial analysts have asserted that the removal of regulations ignited a rail renaissance that allowed the freight rail industry to earn sufficient revenue to pour into rail network improvements. Those improvements have provided major safety benefits, observers say.

Rail accident statistics bear out their argument, McLaughlin says: Railroad safety in the United States has improved dramatically since the 1970s. According to McLaughlin and Ellig’s study and data from the Federal Railroad Administration (FRA) Office of Safety Analysis, the total number of accidents on today’s seven Class I railroads and their predecessors plummeted from more than 11,000 in 1978 to
1,867 in 2013. Over the same period, revenue ton-miles doubled. The number of injuries declined steeply over the same period—from 1,486 in 1978 to 166 in 2013.

Regulators have argued that stepped-up safety regulations help explain the improved safety performance. But after detailed analysis, Ellig and McLaughlin concluded that the improved safety resulted from the partial economic deregulation, not increased safety regulations.

FRA safety regulation had its biggest impact on railroad safety before 1980, the authors write, “When economic regulation curtailed railroads’ incentives to operate safely and make investments that would improve safety.” The authors conclude: “[C]hanges in safety regulation post-Staggers appear to have little marginal effect on safety.”
How ‘Forced Access’ Would Roll Back Progress

Requiring railroads to provide switching services for their competitors at regulated, below-market rates would have devastating impacts. Learn why.

America’s freight rail system is the most productive in the world. That could change if the U.S. Surface Transportation Board pushes through the proposed ‘forced access’ regulation requiring railroads to provide switching services for their competitors at regulated, below-market rates. Such a move would benefit only a few companies, while harming the vast majority of businesses that rely on freight rail.

Watch the video at https://www.AAR.org/Report-2 in chapter four to learn how forced access would hinder railroads’ three decades of progress on improving efficiencies throughout the U.S. rail network.