Summary

Freight railroads in the United States are the best in the world and are a crucial national economic resource. Every year, railroads save consumers billions of dollars while reducing energy consumption and pollution, lowering greenhouse gas emissions, cutting highway gridlock, and reducing the high costs to taxpayers of highway construction and maintenance. They also have a tremendous broader economic impact: in 2017 alone, America’s major freight railroads supported 1.1 million jobs, nearly $219 billion in output, and $71 billion in wages across the U.S. economy. In addition, millions of Americans work for firms that are much more competitive in a tough global economy thanks to the affordability and productivity of America’s freight railroads.

Freight Railroads Mean More Jobs and a Stronger Economy

By linking businesses to each other here and abroad, freight railroads have played a crucial role in America’s economic development for nearly 190 years. They remain critical today, serving nearly every industrial, wholesale, retail, and resource-based sector of our economy:

- The approximately 165,000 freight railroad employees are among America’s most highly compensated workers. In 2017, the average U.S. Class I freight railroad employee earned wages of $87,100 and fringe benefits of $38,300, for total average compensation of $125,400. By contrast, according to the Bureau of Economic Analysis, the average wage per full-time equivalent U.S. employee in domestic industries in 2017 was $62,100 (just 71 percent of the comparable rail figure) and average total compensation was $76,500 (just 61 percent of the rail figure).

- A October 2018 study from Towson University’s Regional Economic Studies Institute found that, in 2017 alone, the operations and capital investment of America’s major freight railroads supported approximately 1.1 million jobs (0.8 percent of all U.S. workers — nearly eight jobs for every railroad job), nearly $219 billion in economic output (1.1 percent of total U.S. output), and $71 billion in wages (0.9 percent of total U.S. wages). Railroads also generated nearly $26 billion in tax revenues. These impacts include direct, indirect, and induced effects across the U.S. economy. In addition, millions of Americans work in industries that are more competitive in the tough global economy thanks to the affordability and productivity of America’s freight railroads.

![Annual Compensation: U.S. Average vs. U.S. Freight Railroads](chart.png)

*Average full-time employee equivalent in domestic industries.  **Average Class I freight railroads. Data are 2017. Source: BEA, AAR
• Rail industry employees are covered by the Railroad Retirement System, which is funded by railroads and their employees. In fiscal year 2018, some 540,000 beneficiaries received retirement and survivor benefits totaling $12.7 billion from the system.

• Railroads account for around one-third of U.S. exports by volume, providing a vital link to international markets for American firms, farmers, and resource producers. Without railroads, American firms and consumers would be unable to participate in the global economy anywhere near as fully as they do today. International trade accounts for approximately 35 percent of U.S. rail revenue, 27 percent of U.S. rail tonnage, and 42 percent of the carloads and intermodal units U.S. railroads carry.

Freight Railroads Save America Money

Railroads help their customers control their prices, saving them (and, ultimately, U.S. consumers) billions of dollars each year, enhancing the global competitiveness of U.S. goods, and improving our standard of living.

• Average U.S. freight rail rates (measured by inflation-adjusted revenue per ton-mile) were **44 percent lower in 2018 than in 1981**. This means the average rail shipper can move close to twice as much freight for about the same price it paid more than 35 years ago.

• Several years ago, the American Association of State Highway and Transportation Officials estimated that if all freight rail traffic were shifted to trucks, rail shippers would have to pay an additional $69 billion per year. Adjusted for increased freight volume and inflation, that figure is probably close to $100 billion today.

Freight Railroads Provide Huge Public Benefits

In addition to their role as an economic engine, railroads offer substantial public benefits:

• **Fuel efficiency** – On average, railroads are three to four times more fuel efficient than trucks. In 2018, railroads moved a ton of freight an average of **473 miles** per gallon of fuel.

• **Emissions** – Because greenhouse gas emissions are directly related to fuel consumption, moving freight by rail instead of truck reduces greenhouse gas emissions by up to **75 percent**, on average.

• **Highway congestion** – According to INRIX (a highway traffic analytics firm), highway congestion cost Americans an average of 97 hours, or $1,348, per driver in 2018 just in terms of lost time. That’s an $87 billion nationwide hit. Including other costs like wasted fuel and lower productivity would add many billions of dollars to this total. But a train can carry the freight of several hundred trucks. Railroads reduce highway gridlock, the costs of maintaining existing highways, and the pressure to build costly new highways.
Transporting What We Use Every Day

From one end of the country to the other, America’s freight railroads transport a huge variety of goods, including:

- **Agricultural and food products** – In a typical year, railroads haul around 1.6 million carloads of wheat, corn, soybeans, and other agricultural products, plus another 1.6 million carloads of animal feed, beer, birdseed, canned produce, corn syrup, flour, frozen chickens, sugar, wine, and countless other food products. If it’s on your table or in your pantry, there’s a good chance railroads helped get it there.

- **Chemicals** – The approximately 2.4 million carloads of chemicals that America’s railroads carry in a typical year help clean our water, fertilize our farms, package our food, build our cars and homes, protect our health, and enhance our well-being in thousands of other ways.

- **Coal** – Historically, more electricity has been generated from coal than from any other fuel source, and railroads account for around 70 percent of U.S. coal deliveries. By helping to keep coal-based electricity affordable, railroads enhance our standard of living.

- **Intermodal** – Rail intermodal service (moving shipping containers and truck trailers on rail cars) transports a huge variety of consumer goods, as well as industrial and agricultural products. U.S. railroads transported 14.5 million intermodal containers and trailers in 2018. Around half of rail intermodal volume consists of imports or exports, reflecting the vital role intermodal plays in international trade.

- **Paper and lumber** – In a typical year, America’s freight railroads carry more than 1.2 million carloads of lumber and paper products — including wood to build our homes, newsprint and magazine paper, and cardboard for packaging. Railroads also haul tens of thousands of carloads of recycled paper and cardboard each year.

- **Motor vehicles** – Railroads haul approximately 75 percent of new motor vehicles sold in the United States, as well as many of the parts and accessories used to build them.

- Railroads also carry millions of carloads of raw materials and industrial products that are critical to our way of life, including metallic ores (such as iron ore and bauxite), steel and other metal products, crude oil, crushed stone and cement used in construction, scrap metal for recycling, and much more.