

OPINION

In rebuttal:

Regulatory trainwreck

This regards Lucien Gosselin's guest column, "Keep Maine's railroad growth moving ahead." (Jan. 6).

What do skyrocketing electric bills, increased imports of coal and more trucks on the roads have in common? They are the consequences of a freight rail industry left to its own devices for too long.

America's four remaining major freight railroads are enjoying record profits and attracting huge investment. Yet these profits often come at the expense of farmers, schools, families and small businesses. Railroads, unlike other American businesses, are exempt from antitrust laws.

Meanwhile, the regulatory body charged with protecting consumers — the Surface Transportation Board (STB) — has abdicated its responsibility to prevent railroad price and service abuse of their customers.

In 1980, Congress passed the Staggers Act to partially deregulate a rail industry that was floundering for years. Unfortunately, an unintended roadblock — the STB — has prevented rail customers from accessing the transportation competition, a cornerstone of the act.

The Staggers Act charged the STB with monitoring railroads for potential monopoly abuse and give rail customers an outlet for relief. But the STB failed on both fronts.

On the STB's "watch," America's railroads consolidated into four major carriers, which control more than 90 percent of the nation's freight traffic. By allowing railroads to create these monopolies, sometimes over the protest of the Justice Department, the STB cut off many rail customers from competitive alternatives, subjecting them to unprecedented pricing power wielded by the empowered railroads. This has meant drastic shipping price increases and service failures from rail companies that know they face little consequence from the STB.

What does this mean for rail customers and consumers? It means farmers in Colorado, North Dakota and Kansas have watched their wheat rot on the ground due to lack of rail service. It means school systems, small businesses and families are facing higher electricity bills as a result of skyrocketing coal shipping rates to utilities. And it means electric companies are turning to countries like Venezuela and Colombia for coal because domestic shipments are too expensive for rail customers and their consumers.

Only the STB has the power to remedy the ill effects of its policies, but it continues to sit on its hands. That's why rail customers are encouraging Congress to enact the Rail Competition and Service Improvement Act (H.R. 2125) to force the STB's hand and continue the deregulation that began in 1980.

This bill will remove some roadblocks to competition and improve the STB rate challenge process. Empowering the STB to pursue its charter will provide rail customers with protection and inject needed competition into the industry — what Congress intended when it enacted the Staggers Rail Act of 1980.

*Bob Szabo, Washington D.C.
Executive Director, Consumers United for Rail Equity*