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Railroads: Bringing Rural America to a Standstill?

Congress questions whether railroads would help promote growth contained in Farm Bill

Washington, D.C. (July 24, 2007)—An amendment inserted into the Farm Bill calls for a study into whether the nation’s railroads will slow the economic growth of rural America due to poor service and high prices of transporting essential goods.

Congressman Tim Walz (D-MN) successfully secured the amendment to the Farm Bill, which directs the Secretary of Agriculture to study the railroad industry’s ability to transport resources that are essential to the economic development and sustainability of rural America. These resources include products such as coal, agricultural products and domestically-produced renewable fuels.

“The results of this study could be unsettling for many in Congress,” noted Glenn English, former member of Congress, CEO of the National Rural Electric Cooperative Association and Chairman of Consumers United for Rail Equity (CURE), a coalition of rail customers seeking changes in federal rail policies. CURE fought in favor of the amendment along with numerous other organizations including the Edison Electric Institute and American Public Power Association.

“Congress must act now to fix our freight rail system,” said Amy Fredregill, Managing Director of the Minnesota Association of Cooperatives and a member of Gopher CURE in Minnesota. “Rail customers in Minnesota and all across America are plagued by unreliable rail service and monopolistic pricing practices. The result is that agriculture, manufacturing, and rural communities are threatened. Predatory rail policies and a lack of government oversight have combined to drive up electric rates and drag down farm revenue across the heartland.”

CURE and others argue that Congress should be concerned about the anti-competitive practices of the railroads that operate like 19th century monopolies—overcharging shippers for poor service because they have nowhere else to turn. Meanwhile, the “do-nothing” Surface Transportation Board (STB), charged with regulating the industry, continues to turn a blind eye to the “Railroad Robber Barons” running roughshod over our nation’s farmers and rural communities, English said.

“It’s high time we let some sunlight in on the state of affairs within the broken rail system,” said English. “This study should highlight the numerous weaknesses within the rail industry that make it increasingly difficult for farmers, rural utilities and other groups to transport their products in a practical and efficient way.”

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