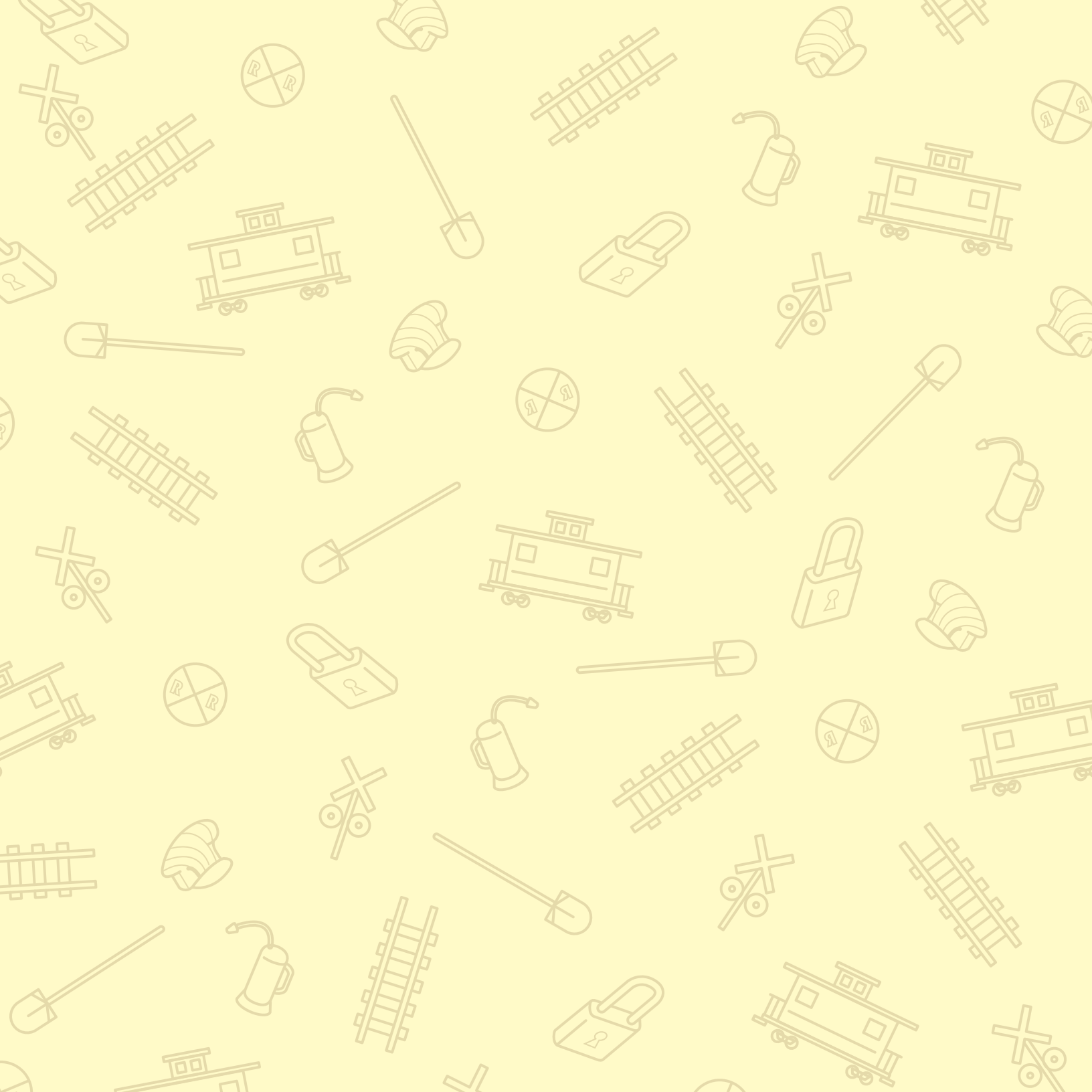


The Little
Engine That
Couldn't





Once upon a time, there were dozens of freight railroads competing for business, and customers (also called shippers) had lots of choices. All around the country, little engines that **could** made their deliveries on time and for reasonable prices.



But as time went by, the big railroads swallowed up their competitors, forming a small group of mega railroads that controlled nearly all the business.



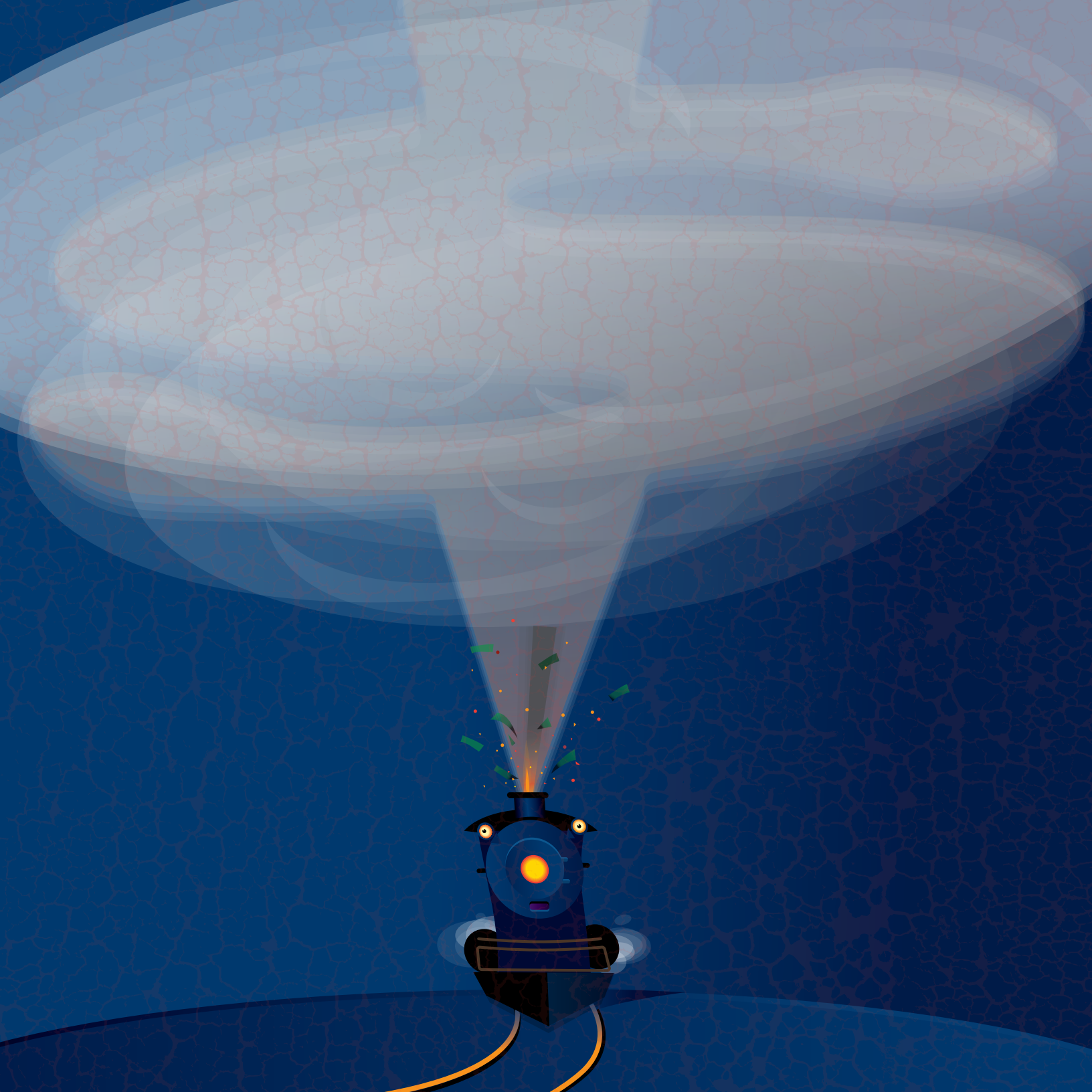
Freight rail customers—including farmers and manufacturers—were left in a bind. With only a few mega railroads left, many customers lost the ability to choose the best one to work with. They now had one option, take it or leave it.

With no risk of losing business, the mega railroads worried less about making their customers happy. The little engines that once **could** ... suddenly **couldn't**, and customers were left to pay the price.



The mega railroads increased shipping rates over 40% for most customers. Even worse, railroads made more and more of their revenue from non-competitive rates.¹





They also added dozens of fees like fuel surcharges and storage fees.

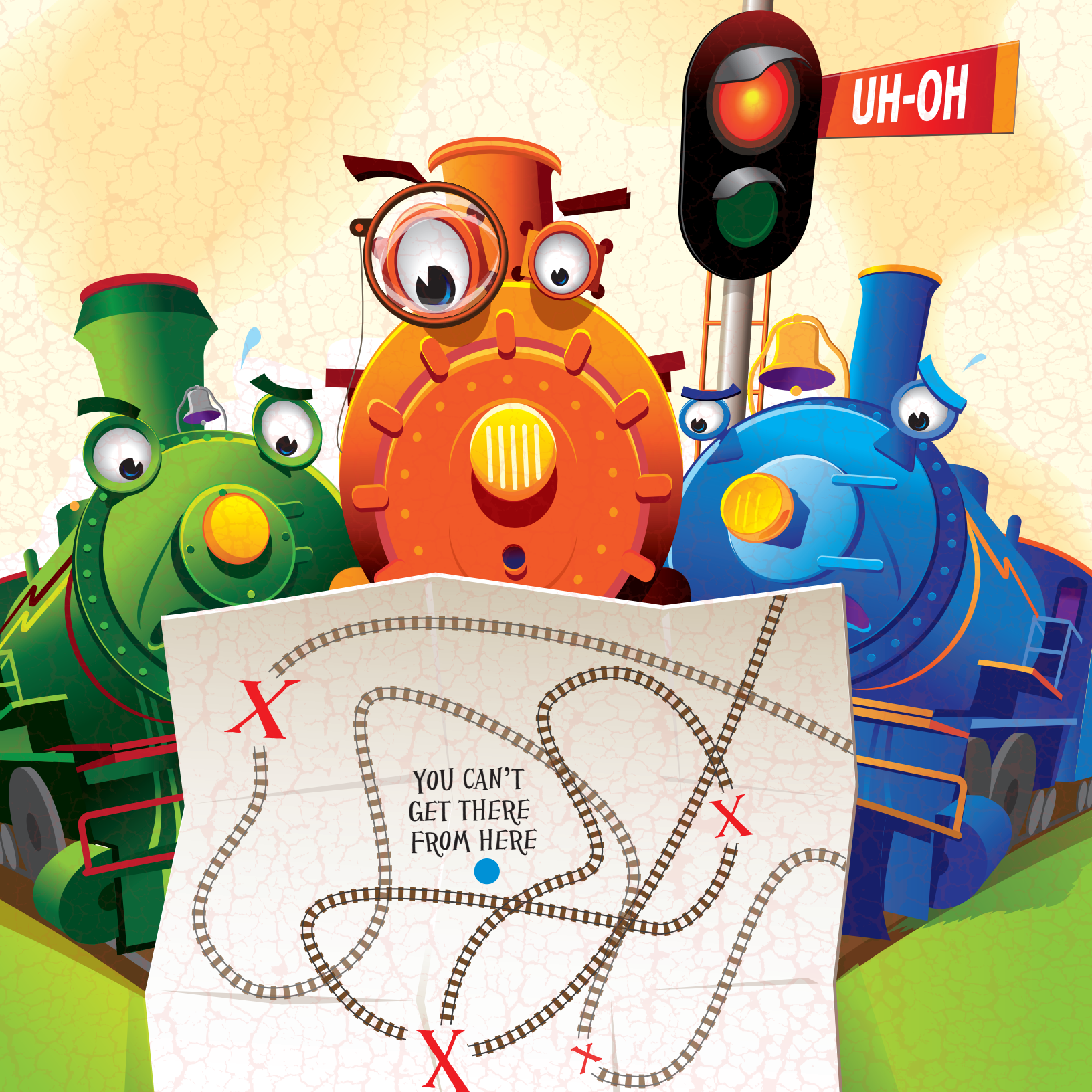
These costs hit customers hard and drove up the prices of many things that move by rail.



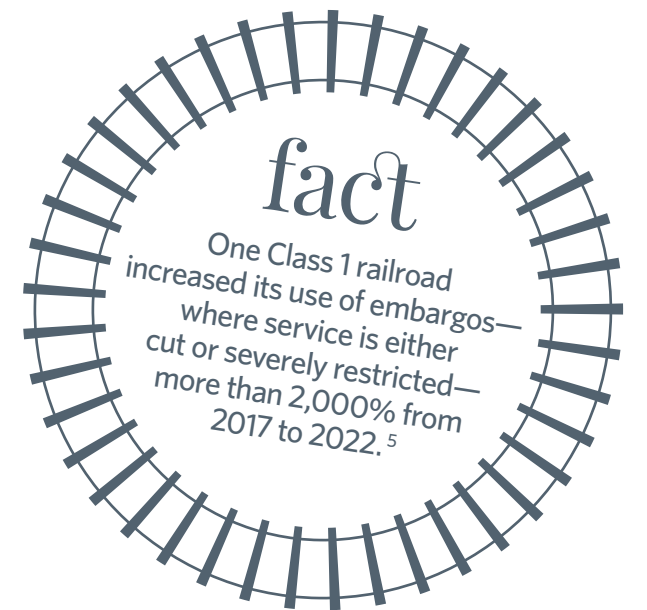


The mega railroads gave workers the pink slip, closed rail yards, took trains off the tracks, and put engines in storage. It was a recipe for poor service and major disruptions.





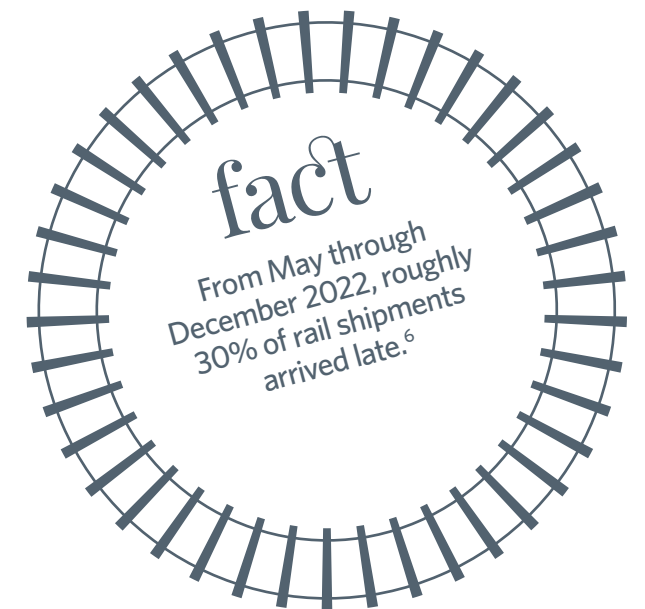
With fewer workers and trains on the tracks, many mega railroads declared embargoes, forcing the little engines that **couldn't** to become little engines that **wouldn't**. The railroads cut service, refused to take certain shipments, and even restricted some destinations.





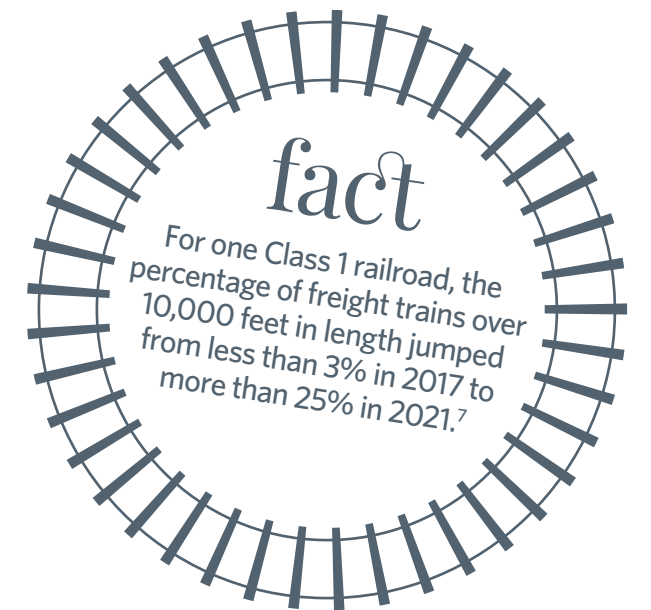
Trains were late and shipments arrived days behind schedule.

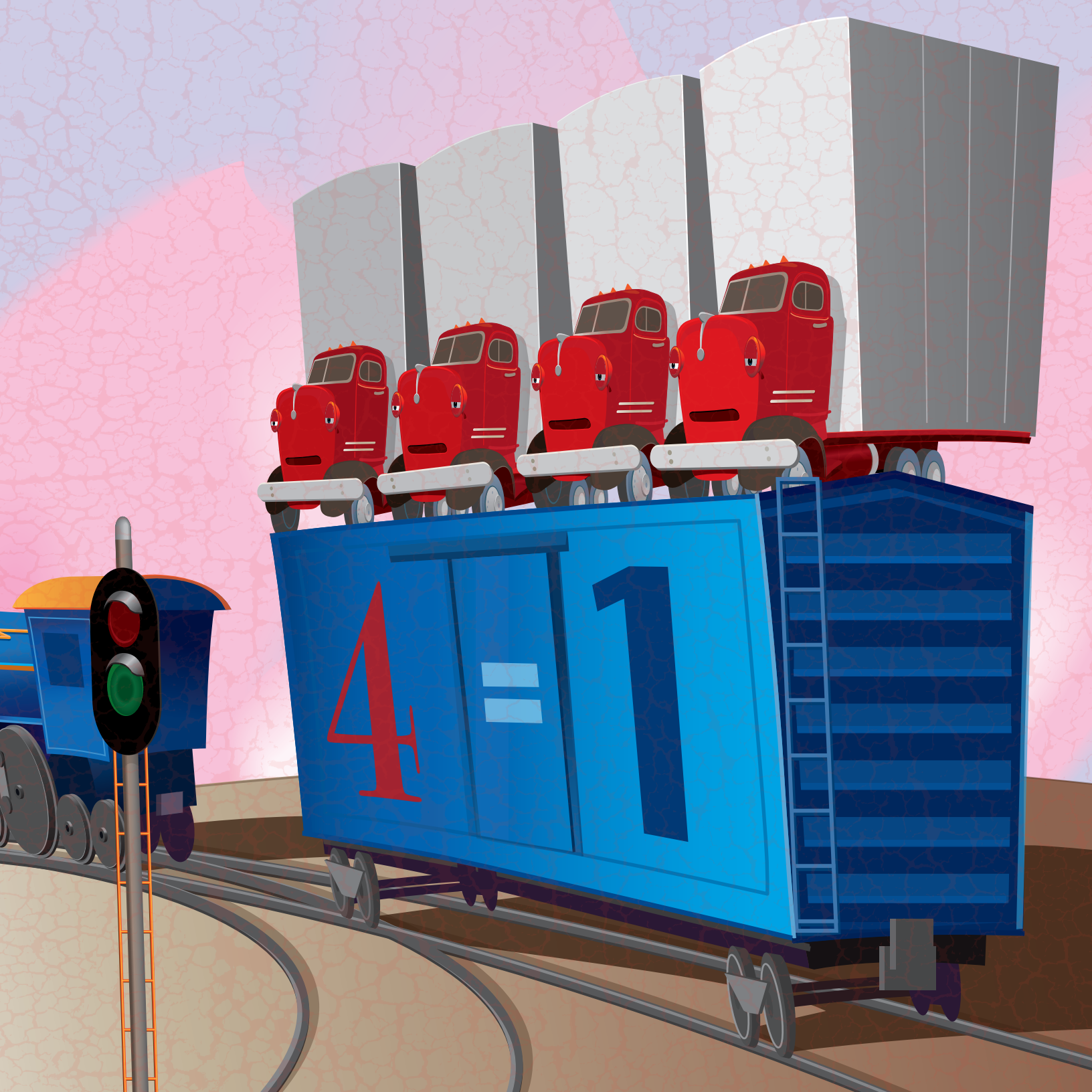
Delays caused backups at factories and farms, which forced some to cut production.





The mega railroads used longer trains to try and resolve the backups, but longer trains caused problems too. They blocked important roadways for miles in some communities and created hours-long traffic jams in others.





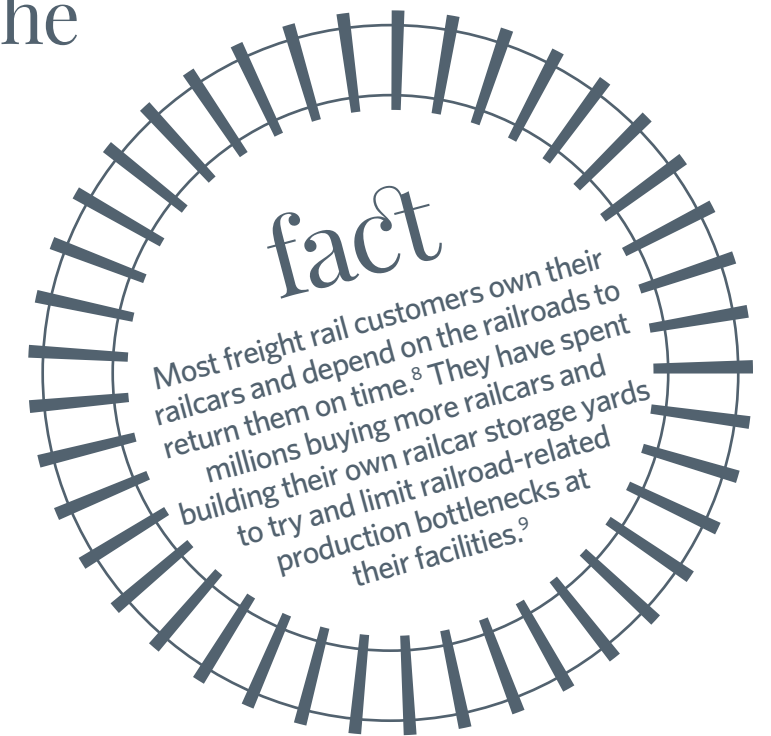
The customers did their best to make things work since the little engines **couldn't**.

They hired trucks to help with the load... but it takes four trucks and four drivers to replace a single railcar.



The customers built whole new rail yards and bought more railcars to make up for the thousands of cars stuck on delayed trains...

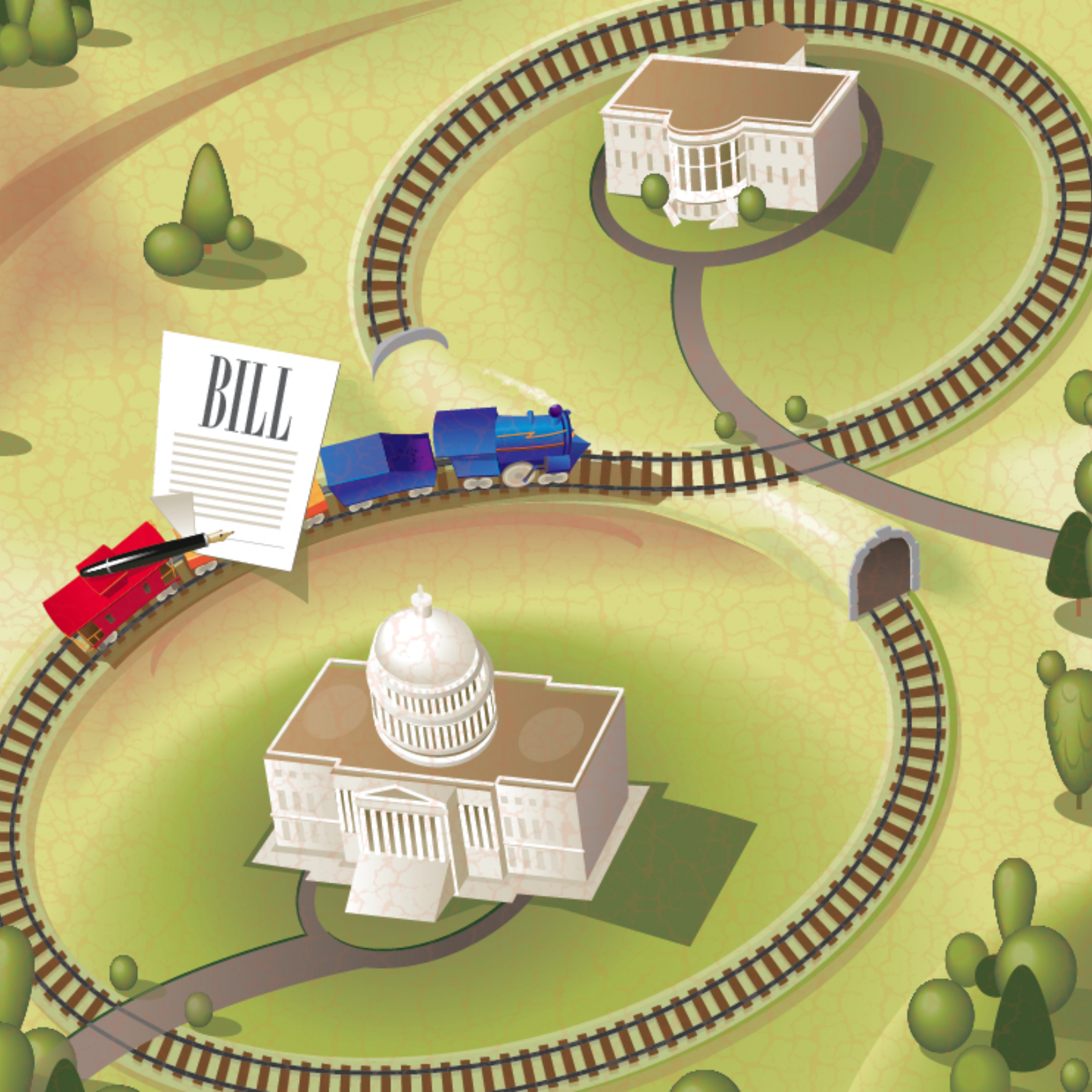
but those changes alone aren't enough to bridge the gap left by the engines that couldn't.





One thing that hasn't changed is how much freight rail customers—and our nation—need the little engines to deliver.

Each train is important to customers—from farmers to factory operators—who rely on the railroads to move the raw materials, equipment, and finished goods our country relies on.



If the President, Congress, and Surface Transportation Board work together—as they have before—to solve big problems like this one, the little engines can get back on their way.



Bringing competition back into the freight rail system and requiring better service for customers will help the little engines that **couldn't** become little engines that **can** and **do ...** and that will help everyone—customers, railroads, and American consumers—live happily ever after.

The End



Endnotes

- 1 40% rate increase reflects average real shipping rates in 2004 (just after the last major rail consolidation) compared to average real rates in 2019 (pre-COVID).
- 2 "Economic Analysis: Consolidation and Increasing Freight Rail Rates," Escalation Consultants, June 2021.
- 3 2021 data aggregated from Quarterly Demurrage/Accessorial Revenue Reports available from the Surface Transportation Board.
- 4 Testimony of Martin J. Oberman Chairman, Surface Transportation Board before the House Committee on Transportation & Infrastructure, May 12, 2022; 2016-2021 Class 1 freight rail employment information is available via Employment Data maintained by the Surface Transportation Board.
- 5 Number calculated from information in the Surface Transportation Board Notice Docket No. EP 772, Oversight Hearing Pertaining to Union Pacific Railroad Company's Embargoes; November 22, 2022.
- 6 On-time data available from Rail Service Data maintained by the Surface Transportation Board.
- 7 Information on the use of longer trains available from "Information on Precision-Scheduled Railroading," United States Government Accountability Office Report to Congressional Requesters, December 2022.
- 8 Approximately 73% of the 1.2 million railcars in service today are private railcars paid for and maintained by shippers and other non-railroad entities. Additional information on private railcars available from "Petition for Rulemaking to Adopt Rules Governing Private Car Use by Railroads" submitted to the Surface Transportation Board, July 2021.
- 9 Example sourced from "Petition for Rulemaking to Adopt Rules Governing Private Railcar Use by Railroads" submitted to the Surface Transportation Board, June 2022.



**RAIL
CUSTOMER
COALITION**

The Rail Customer Coalition (RCC) is a large group of trade associations representing a broad cross-section of manufacturing, agricultural and energy industries that account for more than half of the cargo shipped by rail and generate more than three-quarters of the revenues collected by the railroads.

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