

Editorial

Railroads and the American System

Two committees of the U.S. Congress are conducting hearings on the sorry state of the nation's railroads, and on the effect of railroad bottlenecks on the shipping of agricultural commodities. The hearings have brought to public attention a growing call for reregulation of the railroads, which were deregulated in 1980. Senate Minority Leader Tom Daschle (D-S.D.), for example, pointed out on April 22 that "there is a greater and greater demand in South Dakota and the Upper Midwest for reregulation."

We say, "Yes!" A fast, efficient, reliable transport system is essential for the well-being of any modern nation. The construction of the U.S. railroad grid was one of the great achievements of the American System of political economy, as against the British-linked financier interests who opposed such government-backed infrastructure projects. If the free-traders had had their way, the railroads would never have been built. Today, if America is to participate in the great project of the twenty-first century, the Eurasian Land-Bridge, the railroads must be up and running. In fact, we must convert to high-speed rail and to maglev, the technology of the future.

But instead, we face a situation in which a milling company in Fresno, California, Penny-Newman Grain Co., was forced to order barley from *Finland*, according to an AP report on May 3, because Union Pacific railroad's months-long traffic jams meant that domestic grain could not be reliably obtained. Said a company spokesman, "We bought it because we're tired of putting up with the delays." He pointed out that last year, some 93 million bushels of grain were stored on the ground, awaiting rail cars to transport them.

At a hearing of the Senate Agriculture Committee on April 30, Sen. Tom Harkin (D-Iowa) called for Congressional action. "I think we are facing a terrible crisis," he said. "I don't know what we can do with the railroads that have a stranglehold on us right now." He suggested that Congress could "invoke antitrust laws." Agriculture Secretary Dan Glickman announced that he would hold an agriculture shipping summit, in a Midwest city this summer, to discuss the problem further.

The railroad subcommittee of the House Transportation Committee took testimony on April 22 (one of four hearings), on the re-authorization of the Surface Transportation Board. (The STB was the more limited replacement for the Interstate Commerce Commission, which was abolished in an orgy of "Conservative Revolution" budget cutting by the 104th Congress.) At that hearing, Rep. Bob Clement (D-Tenn.) called for strengthening the role of the STB in addressing reliability problems, such as those that have plagued the Union Pacific since it swallowed up the Southern Pacific railroad in a merger in 1996. Thomas D. Crowley, representing the Western Coal Traffic League, reported that service disruptions in the Union Pacific system had caused the WCTL's members to incur "tens of millions of dollars" in additional costs. Marc S. Levine, representing the Society of the Plastics Industry, which pays over \$1 billion per year to the railroads, stated that the "service meltdown" on the Union Pacific "is, unfortunately, pandemic of a much larger, more serious problem facing the entire U.S. shipping community. What we are confronted with is a rail industry that will not offer competitive rates, competitive service, and quality assurance as basic tenets of moving U.S.-produced goods to market."

When the railroads were deregulated in 1980, *EIR* warned that this would lead to a disastrous breakdown. It must be reversed as rapidly as possible.

America's greatest leaders have always been very clear on this issue. For example, President John Quincy Adams, during his inaugural address, declared that, if the constitutional powers of the Federal government to promote the welfare of the nation "may be effectually brought into action by laws promoting the improvement of agriculture, commerce, and manufactures, the cultivation and encouragement of the mechanic and elegant arts, the advancement of literature, and progress of the sciences . . . , [then] to refrain from exercising them for the benefit of the people themselves, would be to hide in the earth the talent committed to our charge—would be *treachery in the most sacred of our trusts.*"