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University of Missouri-Columbia  
 Department of Agricultural Economics  
 Paper No. 1980-15

DEMISE OF THE RAILROAD AND IMPACTS ON AGRICULTURE  
 AND THE RURAL COMMUNITY

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JUN 4 1981

According to poetic history, the Conestoga wagon and sodbuster opened up the Plains, the windmill and barbed wire civilized it, and iron rails linked it to the outside world. One by one each has fallen casualty to the course of events. Last to survive and now threatened is the railroad. Whether it will be defended and retained is one of the truly difficult policy issues of our day.

This is not to suggest that main line rail transit will disappear. Heavily loaded trains will thunder through Oklahoma's corridors for many years to come. The question is whether rail trackage will continue to extend like fingers into the Oklahoma countryside, ready there to entrain hopper cars of wheat destined, with a single oceanside transloading, for delivery at Hamburg or Bombay. Continued abandonment of rural railroads will impose a severe penalty on outlying grain producers, for no fully satisfactory substitute carriage is available.

The dilemma now faced has several origins. I will touch on a few, drawing on my experience as a member of the Rural Transportation Advisory Task Force that surveyed the scene during the past year. Like all well-mannered bodies of its kind, the Task Force issued a couple of reports and disbanded. We heard officials of railroad companies declare themselves to have been victims of government regulation. Grievances were spelled out at some length. The interesting irony of that is already history. The Carter Administration, having listened sympathetically, first relaxed its ICC regulatory activity and then proposed to abolish virtually all regulation. Thereupon the rail people, in a quick about-face, said that they didn't want that either. Most rail people oppose total deregulation.

Another allegation offered by rail officials is that they face inequitable competition from trucks and barges. I will touch on this later, giving it some credence.

At a dozen public hearings shippers had their say as to what is wrong with railroads. Railroads give such horrible service, we were told, that they drive business away. I was not prepared for the frequency or vehemence of the protest. The usual refrain is directed at branch line abandonment and runs like this: "The railroads say they can't keep the line because they don't have enough traffic. How can they expect to get traffic when they give such lousy service?" Some Task Force members referred to this self-generating downward spiral as a case of the chicken and the egg. I prefer the analogy of the youth who killed his parents, then sought the mercy of the court on grounds that he was an orphan.

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Talk given at Farmers Agricultural Policy Conference, Oklahoma State University, Stillwater, Oklahoma, March 27, 1980.

Critics say railroads drove away the traffic they now lack.

I do "take up" for the railroads in one respect. They have indeed been victimized by inequitable intermodal competition, particularly in the terms of access to right of way. Although it is true that a century ago the railroad companies were funded lavishly in building their trackage, the lines have been depreciated fully. All maintenance and reconstruction are now a cost to the companies. This is in sharp contrast with public funding of highways, accessible to trucking companies by payment of a user charge. Even more contrasting is the generosity of the Corps of Engineers in making waterways available to barges at no cost whatever. Only now is a user charge being levied on barge companies.

The rural transportation task is formidable. Our country is wonderfully endowed in about every way except its geography. Its people and resources are scattered over immense distances, without a linear alignment that would make transport easy. The Plains area especially is noted for a shot-gun scatter that makes assembly of the bulky products of agriculture difficult and costly.

The nub of the transportation problem for Plains agriculture is the assembly or collection function. At this point I draw freely on statements by John W. Ingram, president of the now defunct Rock Island Railroad. I find his analyses and proposals convincing and intriguing.<sup>1</sup> Ingram deplores the tendency to think of railroading as homogeneous. In reality, except for putting freight cars on steel track there is little resemblance between heavy density lines with five million tons of traffic a year and the lighter density lines of one-fourth million to five million tons. There is also a third category made up of lines with fewer than five cars a day in each direction, but these must either generate more traffic or be abandoned, Ingram says.

Railroad psychology and policy, Ingram claims, have long been geared to heavy density lines, to the disadvantage of lighter density ones. Heavy density lines are the money makers. Equipment, rail labor rules, the whole kit and kaboodle are designed for the heavy density operations. Moreover, declares Ingram, "Most of the modernizing effort spent by railroads has gone into improving heavy density transport." And more than that, the overwhelming tendency is to apply the same ideas and practices to lighter density carriage, to which they are ill suited. The tendency, Ingram observes, is to prescribe the same electrification, signal systems, speed capability, and other technology to lighter density as to heavy density lines.

Recently it has been conventional wisdom to ask rural grain areas to accommodate heavy density thinking by adopting, for instance, the unit train of jumbo covered hopper cars. So the elevators must be bigger and farther apart. Thus we make agriculture fit transport policy instead of redesigning transport -- in this case, lighter density railroading -- to fit the needs of agriculture. The problem with shifting to huge elevators scattered at wide distances is the basic inefficiency of trucking. If it now costs <sup>almost</sup> half a cent a mile to truck grain, the rate will rise steadily. As is well known, rails are substantially more fuel-efficient than trucks.

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<sup>1</sup> John W. Ingram, "Government and the Midwest Railroads in the 1980s -- Notes on the Demise of the Chicago, Rock Island, and Pacific Railroad," Jan. 9, 1980; and excerpts from remarks relating to "Farmrail" made at meeting on midwest railroad problems, sponsored by the Federal Railroad Administration, Chicago, Ill., Feb. 16-17, 1978.

### An Unsystematic "System"

Improvements in rural rail freight transport are made more difficult by the absence of a true "system."

On several occasions I have declared forthrightly that the United States of America does not have a railroad system. It has only 76 short lines (or whatever the latest count may be). There is not a single transcontinental railroad. Companies individually own roadbed, locomotives, and freight cars. They work through switching yards that are monstrosities. Ingram cites a hypothetical yet realistic case of moving a freight car of grain from LaPorte City to Cedar Rapids, Iowa. The sequence began with an empty jumbo car resting in Cedar Rapids. The complete circuit, involving a couple of companies and an interchange, would require five days, even without hang-ups.

Ingram's proposal is for a cooperative arrangement among railroads of the mid-west, which he would call "Farmrail." If there were a unified rail system, it would be possible to make two round trips between LaPorte City and Cedar Rapids each day, especially if labor work rules would allow the train crew to stand by during loading and unloading just as truck drivers do. Ingram adds that "fuel efficiency would be six to ten times greater by rail than by truck."

### The Present Situation

At the present moment the rail situation in the United States can only be described as bedlam. Bankruptcies and mergers are going on. Mergers are primarily directed toward heavy density transit. The Administration in Washington wants to throw up its hands. The 4-R Act, fortunately, forces states to work with federal agencies toward some semblance of unified planning state by state. The most enlightened state governments have embraced joint highway and rail planning, among them Iowa, New York, and North Carolina. (I do not know what is taking place in Oklahoma.) I recently learned that the State of South Dakota has appropriated money for buying trackage of the Milwaukee railroad. A number of proposals for local financing of collector lines as short lines are being advanced nationwide.

I confess to considerable ambivalence about short line collectors. On the one hand, we must commend those groups of shippers, and those state governments, that are trying to come to grips with local problems. Part of my trouble may be that I grew up reading the comic strip, "The Toonerville Trolley," and doubt that hundreds of independently owned and operated collector lines will compose a good, efficient railroad system.

To make matters worse, the citizens of our great country are in a negative state of mind just now, really almost cynical, about policy making on any issue. Will we come together for a constructive effort toward resolving the transportation problem? It is hard to be hopeful, but we must try.

Where do we begin? I think we begin with national resolve. The next step is to proceed faster toward unified national transport planning. All idea of dismantling the regulatory framework should be dropped. I do not reject all localized short line feeder operations, but the better goal is to fit improved light density carriage into the total system. Collector trains or other arrangements may be the best method for country assembly. Labor work rules will have to be modified. Even so, some operations will be more profitable than others. So be it. We can't arrive

at a good rail system if we let individual companies confine themselves to the most profitable carriage. Railroads enjoying heavy density traffic may have to bear with the nuisance of collecting.

In all transport policy-making, sight must never be lost of the effect a given policy, including rate structure, may have on the competitiveness of individual shippers or whole communities. Smaller shippers and rural communities, which often have little alternate carriage available, are highly sensitive to both availability and cost of rail freight services. The report of the Transportation Task Force is commendable in many respects but I found it necessary to object to its endorsement of advance contracting of freight car services. So long as the supply of cars is inadequate, contracting will favor large shippers over smaller ones.

Also objectionable is the present trend to require shippers to own their own freight cars. The practice is implicitly prejudicial, as only the larger shippers can afford to own cars. It is also inefficient, for it violates the principle of pooling which offers the best chance for effective utilization of freight car fleet.

The Transportation Task Force proposed a demonstration fleet of free-running freight cars. I go farther. I believe it is time to put all the standard types of freight cars into a national fleet. A cooperative board would operate the fleet, with the aid of computerized car control.

My suggestion is also to add cars. I doubt that railroad companies will ever own enough freight cars to provide a cushion for peak loads. Their self-interest calls for as near 100-percent year-round utilization as can be achieved. This is an example of built-in conflict between shippers' and carriers' interests. Accordingly, I would add a ten percent overrun of publicly financed cars.

Nationalization of rail roadbed has been proposed. The merits are that railroads would be put on more nearly equal competitive terms with trucks and barges, and that several railroad companies could use the same trackage more readily than now. I have not quite gravitated to a position of endorsing nationalized road beds. I put that on "hold," to be pulled out if and when frustration reaches fever pitch. Not a few observers believe that a debacle will not be avoided and that some version of nationalization -- or at least of mandated collective action on a system-wide-basis -- will prove necessary.

These remarks are inconclusive. The rail policy dilemma does not resolve easily. There is no sure-fire solution that need only be endorsed and put into operation. I would be satisfied if more interest groups would truly address the issues in freight transportation for agriculture. They have been neglected for too long.