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Statement of Congressman Spencer Bachus (AL-6)

Support for the Staggers Rail Act of 1980

Surface Transportation Board

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Twenty-five years ago today, one of the most successful pieces of transportation legislation ever passed by Congress became law when President Jimmy Carter signed the Staggers Rail Act of 1980.

Before the Staggers became law, the nation's rail freight network was beset with problems: Earnings averaged under two percent on investment. Twenty percent of the industry had gone into bankruptcy over the previous decade. Rates were rising faster than inflation. Accidents were soaring. Market share was in what seemed to be a never-ending downward spiral.

In an effort to solve "the railroad problem," some experts believed it would be necessary to nationalize the system in order to preserve its essential services.

Thankfully, Congress took a different approach. Under the leadership of Chairman Staggers of the House Energy and Commerce Committee, Congress drafted legislation that freed railroads from some of the stifling regulations that prevented them from reducing rates to attract new business or increasing rates to cover cost increases; it freed them from regulations that stifled innovation by requiring them to offer only a lowest common denominator generic service;

it freed them to tailor operations and services so that they responded to the disciplines and opportunities of the market place and not the dictates of government regulators.

Those changes have had a remarkable effect. Here is what has happened since President Carter signed the Staggers Act:

Productivity has tripled. Intermodal traffic has almost quadrupled. Market share has increased. Rates have declined by more than half, yet earnings have improved sharply. A third of a trillion dollars in private capital has been invested to maintain and improve tracks, signals, communications systems, freight cars and locomotives. Accidents are down by two-thirds. And rail service is good enough to meet the just-in-time demands of the auto industry. U.S. freight railroads move more freight than any other rail system in the world -- more, in fact, than all of Europe's railroads combined, and they do it at lower rates as well.

Railroads today are one of the critical elements helping our economy to grow. Congress and President Carter got it right when the Staggers Act became law.