



# ARC

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Editorial By Frank N. Wilner

One must wonder just how far down the road to socialism and serfdom Congress wants to take the American taxpayer when it seriously considers providing subsidies to freight railroads that are remarkably profitable.

Indeed, Warren Buffett's Berkshire Hathaway fund has increased its holdings in BNSF Railway to some 22 percent, and some one-third of the shares of other major railroads have been gobbled up in recent months by domestic and off-shore hedge and investment funds.

Wall Street analysts and rail officials have been widely quoted as to the industry's sustainable pricing power, which stems from so many of its customers who ship coal, chemicals and grain having no effective alternatives to rail.

Indeed, the House and Senate Judiciary committees appear serious about putting a bridle on rail monopoly power by -- gasp -- subjecting railroads to the same antitrust laws as other American industry (See, H.R. 233 and S. 146).

Subsidizing profitable railroads with earmarks in a stimulus package -- railroads that are demonstrably exploiting their market power -- painfully and recklessly adds to the financial trainwreck we already are bestowing upon our children and grandchildren.

(Frank N. Wilner is a transportation economist and author, former chief of staff to the vice chairman of the U.S. Surface Transportation Board, and former president of the Association for Transportation Law, Logistics & Policy.)

Editor' s Note: The BNSF announced last week 4<sup>th</sup> Quarter results showing while traffic fell due continued higher pricing, their net income is up 19% in the fourth quarter. The CSX in a recent Wall Street Journal article CSX's CEO Ward was quoted stated it intended to raise rates even if it caused freight to leave the RR.