EX PARTE NO. 582

Public Views on Major Rail Consolidations

Closing Remarks of
Chairman Linda J. Morgan

March 10, 2000

We have now completed our 4-day hearing in Ex Parte No. 582 during which we have heard extensive testimony from more than 150 witnesses regarding rail consolidation and the condition and future of the rail industry. During the hearing, we have heard from all sectors of the rail industry: large and small rail carriers; large and small shippers representing various commodity groups; intermodal and third party transportation providers; rail employees; state and local interests; financial analysts and economists; and Members of Congress and other Federal agencies.

Some have urged the Board to stay the course and handle, in a timely manner, individual major rail consolidations as they are filed, applying existing policy and procedures. Many others have urged that the Board reexamine its approach in view of the current state of the rail industry and the service problems that have accompanied the most recent round of consolidations in the industry. In this regard, some have said that they do not want any future major consolidations. Short of that, support has been expressed for a moratorium or a "breather," to give the industry a chance to finish the last round of mergers so that service can be improved and the many benefits contemplated by those consolidations can be realized.

Many would have us reexamine our policies regarding competition and, in particular, our rail merger policy to reflect current industry conditions and the service problems associated with recent mergers; others take the view that changes are needed to ensure more competition throughout the industry. There is support for our not ruling on any further consolidation proposals until we make changes. And finally, certain participants counsel us not to take any action that would lead to what they perceive to be reregulation of the rail industry. Given the significance of any further major consolidation in the industry at this time, we have heard the clear directive that we proceed cautiously and with all due diligence.

I very much appreciate the concerns, both written and oral, presented by all of the many commenters. In my opening remarks, I stated that the railroad industry is at a crossroads, and the testimony over the past 4 days confirms that reality. We at the Board are keenly aware of the challenges that we all face in addressing the issues that confront the rail sector at this time. The Board will review the entire record, and you will be hearing from us very soon.

Again, I thank all of the witnesses for participating in this proceeding and for sharing your views and visions with us. I know that many came a long way, and that all participants put much thought and effort into the presentations. You can be assured that we appreciate all the contributions, and that they will help us in our deliberations.
I also thank the Board’s staff for their hard work, without which we could not have had this very productive hearing. And finally, I am grateful for the commitment and cooperation of Vice Chairman Burkes and Commissioner Clyburn.

Thank you.