



# MYTHS & FACTS:

## The Impact of Railroad Monopoly Power on Captive Rail

Myth:	Fact:
The railroad industry is not abusing shippers.	<p>A 2008 study commissioned by the Surface Transportation Board which regulates the railroad industry, confirms that captive customers exist, they're paying too much, and they're not getting adequate service. The study also noted:</p> <ul style="list-style-type: none"> <li>• Shippers cite a lack of service because of reductions in rail competition as a major problem,</li> <li>• According to many shippers contracts offered by the major railroads rarely include any performance standards or penalties for not meeting standards, so there is an increasing lack of railroad accountability.</li> </ul>
Congressional rail reform legislation amounts to "re-regulation."	Not true. There is no new rate regulation proposed in the rail reform legislation (H.R. 233 and S. 146). "Re-regulation" is a meaningless slogan, nothing more than propaganda.
Rail revenues are so tight that giving significant rate reductions to one group of shippers would require a corresponding increase in rates for all other shippers.	Not according to Wall Street. The nation's largest freight railroads posted blistering 2008 third quarter profits (an average of 32% increase) despite declining freight volumes, a historic economic crisis and soaring fuel prices.
Railroads are already covered by antitrust laws.	<p>Not according to the foremost authorities on antitrust law.</p> <ul style="list-style-type: none"> <li>• In a report to Congress, the American Bar Association (ABA) antitrust section acknowledged the railroads' special exemption from antitrust law, and recommended Congress pass legislation to end this exemption.</li> <li>• The ABA presented to the House and Senate leadership a 13-page analysis of the legislation, concluding that "the changing nature of the rail industry justifies a corresponding change in the way allegedly anticompetitive activity among railroads is addressed" and the group "encourages Congress to move forward quickly to dismantle the antitrust exemption for the railroad industry, through the Railroad Antitrust Enforcement Act."</li> </ul>

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