



## **Private freight rail's contribution to the Corpus Christi and U.S. economy**

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The New York Times recently documented the benefits of a 2015 decision by the U.S. Congress to permit crude oil exports, particularly how it has affected Corpus Christi and its ports.

“Because of the exports, the job losses have been stemmed and there is the promise of new jobs to come,” the story reads.

While those in Corpus Christi know this is largely fueled by oil production in West Texas shale fields, it is probably less known that private freight rail – primarily through the movement of frac sand needed to drill for the oil – plays an integral role in this process as well. That is because America’s privately owned freight railroads serve an important role in the entire economy, including in Corpus Christi, a rail hub in a state deeply connected to the industry.

In fact, Texas, in typical Texas fashion, maintains an outsized presence for rail operators – including carriers such as Kansas City Southern and Union Pacific in Corpus Christi. It is home to 52 freight railroads in total, which combine for more than 10,000 miles of track across the state. Today, nearly 17,000 Texans work for the rail sector, including those in Fort Worth, the headquarters of BNSF, a fellow Texas operator.

This industry that moves other industries, oftentimes away from the plain sight of Americans, serves an important role to the public as well, including its infrastructure – one train can carry as much freight as several hundred trucks – as well as the environment – railroads move a ton of freight an average of 473 miles on one gallon of fuel, like going from Corpus Christi to Dallas. It also supports \$1.5 million jobs nationally, \$274 billion in economic activity and \$33 billion in tax revenues.

All of this, however, hinges on continued private investment. And this investment, more than \$635 billion since 1980, rests largely on public policies from elected officials, including the steady leadership from members of Congress like U.S. Rep. Blake Farenthold, R-Corpus Christi.

Today’s railroads, following the near death of the sector due to government intrusion into pricing and routing practices, are as safe, efficient and reliable as ever, a direct result of landmark legislation that established today’s modern regulatory framework. In 1980, Congress passed the Staggers Act, a seminal law that created the Surface Transportation Board and allowed for greater industry autonomy. The structure protects railroad customers against unreasonable

railroad actions while allowing railroads and their customers to work together without undue government interference.

“The history of the U.S. railroad industry during the 30 years since the Staggers Act was signed is a story of enormous success,” say researchers at the Cato Institute. “Productivity growth in the U.S. railroad sector has far outpaced the gains in the U.S. private domestic sector. The factors underlying this performance include pricing flexibility, economies of density achieved through line abandonments, industry consolidation, and the growth of long-haul coal and intermodal traffic.”

Congress has kept this largely intact since, which allows the rail sector to successfully serve customers, which translates to ample benefits to consumers and other businesses in Texas and beyond. Since partial economic deregulation of the sector, average inflation-adjusted rail rates are 45 percent lower today than in 1981, while the industry has reduced accident rates by 79 percent.

In Corpus Christi and its ports, the freight sector can be seen, quite visibly, by rail lines serving customers bringing goods to and from the ports, including consumer products bound ultimately for trucks, chemicals used in the state’s vast energy industry and a host of farm and food products harvested in Texas and neighboring states. Its impact cannot be overstated: rail serves nearly every industrial, wholesale, retail and resource-based sector of the economy.

Having spent more than \$100 billion the past four years alone, freight railroads are proof that smart policies can generate optimal outcomes. We hope this trend can continue. We are committed to living up to our end of the bargain.