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THE 25<sup>TH</sup> ANNIVERSARY OF THE STAGGERS RAIL ACT OF 1980:  
A REVIEW AND LOOK AHEAD**

Since 1994, when I founded Strategic Rail Finance, I've met with the staffs of over 150 congressional offices and most of those responsible for federal transportation policy. I've also developed relations with the rail transportation offices of almost every state. Along the way, I've coordinated financing for rail projects in 21 states.

In these 12 years, I've met so many individuals with tremendous railroad experience and knowledge both in the private sector and the public sectors, like those in this room today. I'm aware that we aren't short on knowledge, but we are woefully short of cohesive coordination of that knowledge. I believe that none of us are as effective alone or in debate as we are in thoughtful, collaborative dialogue.

Twenty five years after the Staggers Act can we now shift from competition for survival toward working together for the long-term, dynamic growth of North America's utilization of freight rail transportation? Yes, we can, but accomplishing this requires a much higher level of coordination and collaboration than what is true of most industries and indeed what we see in the rail industry. Most importantly, to stimulate growth that actually contributes to the quality of life and the economic well-being of North America, we must provide the right framework. That framework consists of:

- 1) a clear set of measurable commercial and public goals;
- 2) an innovative forum that is intellectually sound, multi-discipline, and multi-stakeholder for teasing out win-win approaches to growing the industry, and;
- 3) increased coordination of public-sector and private-sector financial and business interests and resources.

Unfortunately, statistics on industry growth are often amorphous and misleading. We can no longer afford to invest without clear goals. And we can no longer assume that what is best for the most successful competitors will trickle down to support the whole system. It is time to collectively ask and answer what we want our rail system to do for us as a nation and a continent.

The process for determining these goals must be mediated amongst wide, multi-stakeholder concerns, utilizing leading-edge, group, and collaborative methodologies. Only in this way can we implement plans that satisfy long-term as well as short term goals and public interests as well as private interests.

When we agree on what we want from our railroad system and how to measure our progress toward those goals, I believe we will have a heightened concern for the ongoing, long-term decrease in rail service to rural and urban America. Too many small and large businesses are suffering from a diminished or an entire loss of rail service. Sacrificing service to domestic shippers while shifting investment capital to aid importers weakens the economic fabric of North America.

Maximizing and managing competition is an incomplete regulatory principle. It is time to move beyond the fear that coordination and collaboration in the best interests of the community is somehow anti-capitalist or anti-American. Competition almost always comes with unexamined costs as we focus on the winners' claims of the system's success. In truth, there is no beneficent marketplace that somehow alchemizes the self-centered activities of individual commercial enterprises into services and systems the community deserves.

I predict that funding for freight rail development will flow in record amounts from around the world when private sector funding sources are presented with an assertive and cohesive industry business plan for growth. Government can play its most productive role by stimulating and facilitating this planning process. I have conceptualized a methodology for this collaboration. I look forward to the board's input to making it a reality. Thank you for this opportunity to present my thinking on this important issue.