Transportation systems: freight since staggers essay

Business, Industries

Since the implementation of the Staggers Rail Act of 1980, there has been a profound change in railway business trends. The Staggers Act effectively unlocked a struggling government induced railway monopoly of the transportation system, deregulating almost every aspect of rail freight operations and causing a dramatic shift in the evolution of railway economics (Winston, 2005). The limitation or absence of government railway regulation in many aspects of the railway business since Staggers has helped to put the railway industry on more secure financial footing and has even been a boon for shippers, having promoted cost savings, service times, and reliability. With the upcoming competition from trucking in the 1970s, the railway industry had to face the fact that they would not be able to transport the volume of freight to which they were accustomed, and the regulated rail business certainly could not continue to support the generous wages and benefits to its employees. Before Staggers, railways had little flexibility to compete with trucks, adjust rates for specific commodities, and negotiate long term contracts with shippers.

Although the rail industry has not fully adjusted to deregulation even today, the restructuring of rail transportation has paved the way for high efficiency in the nation’s rail distribution system. In the past 50 years, the Staggers Act allowed for the railways system to set rates freely within a broad range, abandon unprofitable routes, and consolidate with other carriers to a much greater extent than previously allowed by the federal government. By doing so, the rail industry has been able to survive and gather its strength, instead of falling into bankruptcy or nationalization. The competition from the trucking industry and demands for flexible freight deliveries, costs, and timelines keep the railway industry from being able to overtake the trucking industry, however, the railways now operate with a robust budget due to the new streamlined regulations which have existed since Staggers. The Staggers Act put an end to an uneconomical, government induced, sick monopoly of the railway system which was ridden with incompetent rules, such as running forced lines and rigidly structured and high pay-per-mile salaries rather than pay-per-hour. With the restructuring of the lumbering railway giant, the railway transportation system was forced to truly compete with the trucking industry, restoring reasonability and health to railway system economics. As far as actual numbers are concerned, there has been a dramatic shift in how railways operate in comparison to the trucking industry. After cutting unnecessary costs and lowering rates, the railways were able to reverse the decline of stock value, falling from 56 percent to 37 percent in the 1950s through 1970s, and shares have increased to 40 percent since Staggers (Gaskins, 2008).

The trend of people losing faith in the ability of railways to operate efficiently has been turned around, although there has not been any significant expansion of the railway companies. Although mergers have taken effect, with new railway industry giants which are economically sound, railways pose no true risk to the trucking industry. The railway and trucking industries are in a healthy and somewhat balanced competition, railways profiting from the cheap transport of large quantities across familiar routes, and trucking rewarded by its flexibility and direct lines from the manufacturers and railways to the sellers. Since the 1980 deregulation, the railway industry has cut its costs, materials, rates, and salaries, buoying the rail companies back from sinking rigidity into lightweight flexibility, making them capable of competing with the trucking industry. The Motor Carrier Act of 1980 also spurred deregulation of the trucking industry and allowed the trucking industry to emerge as truly fierce competitors to the rail companies. Advanced truckload carriers delivered goods at low costs and superior service. Unlike railways, which have lost 100, 000 of its once 270, 000 miles of track, trucking has benefitted from the expansion and extension of many roads and highways (Gomez-Ibanez & De Rus, 2006). In order to remain competitive with trucking, the railways also had to increase load density from 3.

4 to 8. 9 millions of ton-miles/mile of track. Since railways rely heavily on the business from shippers, it is not remarkable that they fear the influence of trucking direct from the shippers. Many people believe that railway companies have more to fear from trucking than from one another, many trucking companies offering direct pick-up from manufactures and shippers, with the ability to transport the goods flexibly to any ground destination. Many goods are now packaged with trucking in mind, lighter, smaller loads which can be easily maneuvered from factories and ships directly to the consumers. Railways are now more dependent on the larger, more bulky, mass transit of goods, with trucking scooping up a larger market share.

Railways have certainly benefited from the government’s wise decision to deregulate in 1980 with the Staggers Act, and trucking has prospered as well. Although there is no way for the railways to capture much of the market which has been taken over by trucking, the United States rail companies are certainly more flexible and streamlined than they were before, and are able to hold their own in modern industry. Realistically, however, it does seem as if trucking is the more dominant ground transporter, running across many more miles of roads and delivering far more goods. For all modern nations, it makes sense for governments to let go of nonsensical and expensive controls and regulations and to allow railways to submit to the waves of free enterprise. Only when business is truly exposed to consumer demand without favoritism and elite protectionism will industry be able to charge with the fluidity of natural process in modern commerce. References Gaskins, D.

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