

Main Lines: Rebirth of the North American Railroads, 1970–2002. *By Richard Saunders Jr.* De Kalb, Ill.: Northern Illinois Press, 2003. xxii + 436 pp. Tables, maps, notes, index. Cloth, \$49.95. ISBN 0-875-80316-4.

Reviewed by John F. Stover

Richard Saunders covers the rebirth of the nation's railroads in the last generation. By 1970, some five-dozen Class I railroads had abandoned large numbers of their passenger trains and were losing much of their freight traffic to highway trucks. By the year 2000, four giant rail lines were operating 66 percent of the nation's total mileage and earning 85 percent of its total rail revenue.

In the 1960s the northern trunk lines were suffering from several problems: the departure of many factories to the South and the West; crowded and inadequate freight yards; shorter than normal freight hauls; and deficits from urban commuter service. In the mid-1960s, both Stuart Saunders of the Pennsylvania and Alfred Perlman of the New York Central believed that the problems facing their two railroads could be solved by merging their two lines. The Interstate Commerce Commission (ICC) approved the creation of Penn Central, subject to many tough preconditions, and in 1968 the United States Supreme Court confirmed the merger. The two leaders of Penn Central expected to reap great savings from the action, but both failed to make any serious plans for the new company. The two roads had different signal and computer systems, but both Pennsylvania and Central workers insisted on following old rules and work patterns. Soon Penn Central was losing a million dollars a day. The new company went bankrupt in June 1970, representing the biggest failure in American business history.

In the early 1970s, Congress had to solve two railroad problems: the bankruptcy of Penn Central and the collapse of railroad passenger service. Rail passenger service in the nation had dropped from 20,000 trains in 1929 to only 500 by 1970. Passenger trains were operating on 160,000 miles of road in 1947, a figure that dropped to 112,000 miles in 1957. Railroad passenger service received a final blow in 1967, when the U.S. Post Office transferred all mail from passenger trains to piggyback relay freight trains, trucks,

and airlines. By 1970, rail passenger train service had declined to 49,000 miles. Many states feared the loss of their last passenger train.

In 1970 Congress passed, and President Nixon signed, legislation that established Amtrak on May 1, 1971. It was a quasi-public corporation that few ever expected to earn a profit. Amtrak's 21,000-mile network extended from Boston to San Diego and from Seattle to Miami, with 400 stations in forty-three states. Some dozen railroads gave the federal government about \$200 million (in cash and equipment) in order to be freed of providing further passenger service.

It took Congress longer to solve the problem of the Penn Central bankruptcy. Maintenance and service on the line were so poor that no buyers were willing to reorganize or purchase the Penn Central. Finally, in February 1976, President Ford approved the Railroad Revitalization and Reform Act of 1976, which created and financed Conrail. The stock of Conrail, a for-profit freight railroad, was held by the creditors of several railroads that were being aided. When Conrail started to operate on April 1, 1976, the 34,000-mile system included the Penn Central plus five other bankrupt lines: the Jersey Central, the Lehigh Valley, the Reading, the Erie Lackawanna, and the Lehigh and Hudson River. Conrail was well financed by Congress, but the new freight road still had major problems with excess labor and branch lines and a commuter service that was running a deficit.

Late in the Carter administration, some important deregulation was given to the nation's railroads. President Carter signed the Staggers Rail Act on October 14, 1980. This legislation, named for Harley O. Staggers, a West Virginia congressman, loosened ICC regulations on rate-making, abandonments, marketing, and mergers. It also shifted the burden of proof in rate cases from the rail line onto the shippers. Between 1980 and 1998, the nation's railroad revenue freight increased from 919-billion ton miles to 1,356-billion ton miles. In the same years, the railroad's share of freight, versus truck, water, and pipeline freight, rose by nearly 3 percent. Railroad's rate of return on its investment also climbed. From 1960 to 1979, it averaged 2.3 percent, while from 1980 to 1995, it averaged 7.4 percent.

Both Conrail and Amtrak improved their operations during the 1980s. Between 1981 and 1988, L. Stanley Crane, former president of the Southern Railway, headed

Conrail. Under the Staggers Act, Crane was able to raise freight rates, and he also reduced the size of freight crews and abandoned 4,000 miles of little-used line. By 1982, Conrail made a small profit, and by 1984, two eastern railroads sought to purchase the line. In 1987, Conrail stock was sold to the public at twenty-eight dollars a share. A dozen years later, CSX and Norfolk Southern bought Conrail and split it between themselves. Another former president of the Southern Railway, W. Graham Clayton, was president of Amtrak from 1982 to 1993. Clayton purchased new passenger cars, lengthened the train crew's work week, and improved service on the metroliners. He pushed the revenue-to-expense ratio from 42 percent up to 80 percent by the time of his retirement.

With the growing rail prosperity of the 1980s and 1990s, merger activity greatly expanded. At the end of the century, the "Final Six" rail systems were the Union Pacific–Southern Pacific, the Burlington Northern Santa Fe, the CSX, the Norfolk Southern, the Canadian National, and the Canadian Pacific. Of these six, the first four lines acquired a total of twenty-three railroads between 1959 and 1998; thirteen of the twenty-three were added between 1980 and 1998. The two Canadian lines both added considerable mileage to their southern routes, the Canadian National in particular by acquiring the Illinois Central, and the Canadian Pacific by adding the Soo.

Saunders's latest volume is an accurate and detailed review of our nation's complicated railroad history since 1970, fully documented with many ICC docket files, cases, and decisions. Nearly fifty maps help explain merger activity, traffic density, and other changes over the course of the last generation. *Main Lines* is a worthy and welcome companion volume to the author's earlier book, *Merging Lines: American Railroads, 1900–1970*.

John F. Stover is professor emeritus of history at Purdue University. He is the author of several books, including American Railroads (1961; second edition, 1997), Iron Road to the West (1978), History of the Baltimore and Ohio Railroad (1987), and The Routledge Historical Atlas of the American Railroads (1999).