HOW SOME TWO DOZEN FREIGHT RRs ENDED UP AS PUBLIC WORKS

Several reasons explain how 28 Class II and III rrs became—and should remain—publicly owned or operated. Fifteen of these roads are state-owned, 12 city- or county-owned. Five are state- or city-operated. This survey begins with the oldest roads and ends with the newest and also divides them by size and type. Then comes an attempt to describe the reasons for public control of these roads according to the perspective of freight customers, state governments environmentalists, and unions.

Early rrs all received state grants. In New York State, for example, the most important early grant went to the New York & Harlem RR, which ran from City Hall to the edge of settlement at Fourteenth Street. The grant imposed a time limit, a fare limit, and a limit on the use of certain materials. Only a regrant from the State let the rr void these limits. The rr never reached its goal, Albany, N.Y.. A rival railroad, the New York & Hudson, did. A third road ran west from Albany. In 1867 the state approved the merger of these three roads, creating the NY Central route to the west. The fate of this rr appears below, under the topic of bankrupt railroads recently rescued by state or federal governments.

NY State did not build these early roads. Investors did, by selling shares, issuing bonds, and mortgaging assets. In the American South and the early Middle West, investors shied away from rr investments, so the States built rrs by spending public money. Sometimes investors owned shares in the road but the State owned most. Either way, the State had the choice of running the road or leasing it. North Carolina [Appendix #9, on p. 11] built a state railroad in 1849 and owned it for decades; for a time, investors owned minority stake. The state ran the rr until 1871, then leased it. Today NS holds the lease.[1] This kind of public control is stable, simple, and sensitive to the needs of customers and voters. As for the needs of the environment, an important issue today, refurbishing a road such as this would require nothing more than issuing state bonds or spending state revenue. No private road could object.

[1] https://www.ncrr.com/about-ncrr/. Another example: the B & O, originally half-owned by the City of Baltimore and the State of Maryland, as at D. Schley, *Steam City: Railroads, Urban Space, and Corporate Capitalism in Nineteenth-Century Baltimore* (Chicago 2020), ch. 1. For New York and Phila. no comparable study exists.

The Cincinnati Southern is a municipal rather than state example of this type of public control. The State of Ohio delegated the power to grant charters to cities and so Cincinnati, then the largest city west of the Alleghanies, built this road by issuing bonds (App. #19). The city's motive was not only to provide a new route for freight, mail, and passengers, but also to keep the rival city of Louisville from gaining a commercial advantage from a railroad running south from there.[2] The Cincinnati rr was always leased.[3] The advantages are the same as above, but an additional one is using a public railroad as an instrument in regional competition.

A third, originally federal type of public road appeared in Alaska, where the U.S. government chose to displace private railroads by purchasing them and building a road from Anchorage to Fairbanks [App. #28]. After building the road, the Dept. of the Interior also ran it—the only such case among freight rrs in the U.S. A public corporation of the State of Alaska took over in 1985. Here the advantage provided by the public sector is that of meeting a basic transportation need that the private sector ignores. The difference between this case and that of North Carolina is that Uncle Sam took the lead, not a state. The similarity is that Alaska, like early North Carolina, was unattractive to investors.[4]

These three Class II rrs show that publicly owned, cross-country lines may be large and profitable. Preserving them is good for the state budget as well as for the bottom line of railroad customers. Alaska shows that the government can run as well as own a freight line and that government can do what the Class I rrs now refuse to do, which is to provide both passenger and freight service. Alaska avoids Amtrak's problem of being a lessee rather than an owner. Full public control is better than some.

All these examples date back more than a century. The biggest later example comes from Georgia, where the State built new port facilities for Savannah on state land and assigned the facilities to a Port Authority, a kind of government agency to be found in many states [#11]. A few words about the history of this kind of government agency: The first Port Authority came

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[2] https://cincinnatisouthernrailway.org/about/historical-timeline.php.

[3] *Poor's Manual of RRs*, (N.Y, N.Y.) 1895 p. 1567; 1901 pp. 1406; 1918 pp. 1567-8; 1937 p. 1852. Bibliography: C. Schultz, rev. L. Curry, *Rail Routes South: Louisville's Fight for the Southern Market, 1865–1872* (Lexington, Ky. 1969), *Business History Review* 43.3 (1969): 404-5.

[4] *Alaska Railroad Corporation Historic Timeline:* https://www.alaskarailroad.com/sites/default/files/Communications/Alaska_Railroad_Historic_Timeline_or.pdf

into being because railroads and steamships were overwhelming the port of London. London's Lloyd George, the leading Liberal of the era, put through the bill establishing the Authority and his political partner, Winston Churchill, negotiated the sale. The Authority board included a seat for the Admiralty and another for the centuries-old seaman's charity, Trinity House, but only two for the wharfingers did not want to pay for improvements, so they let the port be nationalized in 1921. longshoremen's union, as opposed to two dozen for mostly Tory businessmen. Dominant private interests characterize Port Authorities in the U.S., too. This form of public control is less public than it seems.

Like Lloyd George and Churchill, Georgia was updating a historic port. Rather than run the port, it gave leases to two of the Class I rrs. Preferring private operators is typical of Port Authorities.[5] In Houston, for example, the Port Authority that took over for the City lets a consortium of four rrs operate the port [#15]. An exception comes from the port of Mobile, where a Port Authority employs a small, publicly owned terminal railway that antedates the Authority by decades [#13].

The Savannah and Mobile operations are dock railways. Dock and other port railways amount to 10 of the 28 public rrs. Five of these ten are belt lines connecting one port facility with another and with Class I carriers.[6]. New Orleans is the chief example of a belt line [#14], since the New Orleans Public Belt Company connects four of the nation's seven Class I rrs. One reaches the western bank of the Mississippi, another arrives from the north and reaches the eastern bank, and a third does the same but avoids the eastern bank and heads farther to the east and reaches the Industrial Canal, a broad channel connecting the Mississippi to Lake Pontchartrain. The centerpiece of the Public Belt is a bridge big enough to accommodate ocean-going as well as river traffic. This colossus rises 153 ft. above the water, far enough to let any ship in the world pass underneath, not only when it went into service, in 1935, but for the next 20 years. Only the Public Belt RR takes trains up and down the Huey P. Long Bridge. Class I operations stop at the start of the 2.5 degree upgrade. Is this irony appropriate? Yes. Private lines refused to pay for the Bridge. The city and state paid.

[5] App. 3, 15, 16; also two similar agencies with somewhat different names, 21, 23.

[6] Belt lines: App. 8, 13, 23, 25, 28. Others beside Savannah and Mobile: 10, 16, 17, also in the Deep South.

Without this public freight line, the port of New Orleans and the adjacent Port of South Louisiana could not operate. They comprise the largest port in the Western Hemisphere by tonnage.

The public advantage here is scale, but not at the price of convenience or profit. Each of the four Class I roads has the convenience and the income resulting from interchange from the other three. The New Orleans City fathers—and the virtual dictator Huey P. Long, who ordered the eponymous bridge—good government and bad government, populist and reactionary leaders—induced the Class I lines to work together.

Another famous piece of infrastructure, the Moffat Tunnel in Colorado, drives through the Continental Divide in order to link rrs in Denver to the Mountain West. Private roads refused to pay for it, the same as in the case of the Huey P. The City and County of Denver paid. The tunnel let them overcome the nation's biggest mountain range, just as New Orleans overcame the obstacle presented by the nation's biggest river.

Los Angeles offers a West Coast example of an indispensable public rr. Los Angeles and neighboring Long Beach comprise the largest port in the country by dollar value, amounting to about 1/3 of all business. The ports were growing so fast at the end of the last century that they needed a new connection to the Class I interstate network. They owned piers and the right of way for the dock rrs moving goods in and out, so the public sector would have some say in how freight should reach the Class I roads. The State of California also participated. This trio decided to turn little used freight lines into a corridor wide and fast enough for this large task. California established the Alameda Corridor Trans. Authority, comparable to a Port Authority, to create this infrastructure. The Authority did not entrust the rr operation to any private company [#23].[7] Instead it does everything but man the trains, the one task left to the Class I lines and the dock railways. America's gateway to Asia is for the most part publicly owned and run. Long trains reach 60 mph in the corridor, far better than most Class I freight. In this case, the public sector advantage is speed as well as scale. San Diego's much smaller publicly owned harbor line performs the same function. [#28].

[7] *The Alameda Corridor Rail Project*, a 2019 analysis by the Centre for Public Impact, https://www.centreforpublicimpact.org/case-study/alameda-corridor-rail-project

Thanks to California and Louisiana, the public sector is doing the most important work in maritime transport. The major port of Puget Sound is a third noteworthy public maritime road, one that is partly publicly run. Anchorage, Alaska, a terminal for that state's public railroad, comes fourth.

The public role in maritime railroads results partly from the legal status of waterfront property. Although it may be privately owned, this property is not private in the same way as *terra firma*. The State retains littoral rights to ocean- and bayfront property and riparian rights to property in estuaries and arms of the sea. These rights cover the beach or river bed from the high to low water marks. The water farther out is State and Federal property without qualification. In this setting, the private owner is weak and the government—including the municipal government, which often owns or leases much of the waterfront—is strong. In New York, the Port Authority prevented private owners from extending piers beyond the low-water mark.[8]

In addition to regulatory power, cities and states wield the power of eminent domain, so they can combine small properties that are not viable or whose owners do not wish to cooperate with their neighbors. Larger, up-to-date facilities result. This was the outcome in London, Savannah, and elsewhere. Yet such an outcome might be thwarted if Class I rrs were numerous and hostile. In NY, then the biggest port, three major roads, the B & O, the New York Central, and the Pennsylvania, were Hudson River neighbors in what is now Midtown, but then was an industrial zone alongside the one freight line that entered Manhattan, the NY Central tracks that began as the nineteenth-century NY & Hudson. The Big Three RRs prevented New York City from building a belt line to connect them all and the Central prevented the City or the Port Authority from building a new freight line into Manhattan.[9] The port of New York never made the progress recently made by Los Angeles and made earlier by New Orleans. Los Angeles grew, New Orleans remained tops in tonnage, and New York fell behind. The reason for this outcome was the lack of aggressive government, but also a failure to persuade voters to underwrite costly improvements that would keep the port busy and preserve jobs. Public sector infrastructure can sustain regions, but the press, the unions, and freight customers must insist on it.

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[8] C. Tomkins, *Report on transportation conditions at the port of New York with especial reference to a joint railroad terminal in Manhattan on the North river above 25th street* (N.Y, N.Y. 1910), 4-6, 17-18.

[9] J. Griffin, *The Port of New York* (N.Y., N.Y. 1959), 73-7.

The decline of the port of New York ran parallel with the decline of the Class I roads serving it. *The American Shortline Railway Guide* surveys one of the results, a proliferation of shortlines that Class I lines sold or abandoned after deciding to concentrate on long-haul service to the most profitable ports and terminals.[10] Private firms purchased most of these shortlines, but often found that the Class I roads did not provide timely or frequent service or sufficient freight cars. In some cases governments intervened, as California did in the Alameda Corridor, and prevented the loss of the shortlines and the ruin of the shippers and other customers who depended on them. In three cases, the government elected to run the line rather than lease it. Madison, Indiana and the surrounding county own and run a shortline that keeps industrial customers in business [#20]. NS and CSX move Madison RR cars from southern Indiana to their destinations. The reason for public sector participation in the Madison case is long-range financial planning. Over the course of decades, losing industrial customers would cost the city more than buying and operating the rr would.

A somewhat different case is that of the publicly owned and operated shortline serving Baltimore Harbor [#8]. Unlike any of the shortlines mentioned so far, it was a long-standing, independent company that went bankrupt.[11] The State of Maryland bought it and now operates it. The reason is the same as in Madison, except publicly owned piers and wharves needed to be saved, not private firms.

Two more cases of public control involve not harbors or factories, but another distinctive feature of shortlines. Some of them originated as all-purpose municipal rrs proving trolley service for passengers, packages, and the U.S. mail. They took workers and travelers to the docks and took cargo to the nearest junction. In Tacoma, Washington the road once called “the trolley” or the “muni” survives as a shortline that connects with a private shortline in the adjoining port of Seattle [#28] as well as with the BNSF and UP. Not far away, in Oregon, a small-town trolley line went public because farmers obliged the town to provide them a freight link [#25]. These examples illustrate a general advantage of publicly owned roads. These roads all began in the era of integrated rr service, including the mail, and remind railroad planners that integrated service

[10] E. Lewis (Waukesha, Wisc. 1996, 5th ed.).

[11] G. Schlerf, *History of the Canton Railroad Company, 1906-1996* (Baltimore, 1996), 85-6. Similar is #1, where a Boston shortline that is private uses harbor trackage belonging to the State of Massachusetts.

should be one of their goals. RRs can replace mailmen and private cars as well as eighteen-wheelers.

Other places have reckoned that leasing a rescued shortline is more lucrative than running it.[12] The most important of these shortlines is the Western & Atlantic in northern Georgia, owned by Georgia and leased to CSX [#12]. This arrangement lets CSX pass capital costs to the State. If the State responds by raising the rent, CSX can withdraw—and the State will be unable to find a replacement. In this case as in some others, the publicly owned rr connects with only a single Class I line.[13]

Another cautionary tale comes from Saint Louis [#21]. This city anticipated New Orleans by building a railroad bridge across the Mississippi in 1874. A new tunnel linked the bridge to downtown terminals. The chief engineer, James Eads, was unique in being the chief financier as well. This bridge was the first made of steel and also the first to use cantilevers, but Eads and his coadjutors lost control of it to the most important railroad financier of the era, Jay Gould, who formed a consortium of rrs that charged outsiders high tolls. The City of St. Louis responded by building a toll-free, rival bridge several decades later. In 1989, Gould's successors convinced St. Louis to swap bridges—to exchange the City bridge, which happened to have a higher clearance, for the older one that happened to have a lower clearance. The older bridge no longer carries freight. The moral: choose public ownership rather than ownership by the likes of Gould.

The last cautionary tale is Conrail Shared Assets, a private company left in possession of bankrupt lines in or near the harbors of New York and Philadelphia [#3-6]. To reach any interstate lines, this company must avail itself of trackage rights with Amtrak and New Jersey Transit. This arrangement meets the needs of a few shippers, but does not contribute to the stock of public assets. Conrail Shared Assets did not acquire a hundred miles of bankrupt shortline in the Pennsylvania coal country. The Commonwealth of Pennsylvania did and leased it to a shortline holding company [#7].[14] A county-owned Oregon road tells a similar story: a state

[12] App. 1, 3-6, 9-11, 16-18, 22.

[13] App. 1, 3-6, 9, 12, 16-18, 25.

[14] A Pennsylvania RR subsidiary, the Reading, owned this trackage.

rescue for an important economic asset, then a lease to a shortline holding company, but only after a decade when the County ran the road because no private firm wanted it. [#26].[15]

In sum, publicly controlled railroads are indispensable to the nation's two biggest ports. Five more are indispensable to the State of Alaska or to localities and smaller ports. Publicly owned but privately run railroads are indispensable to numerous other ports, New York being an important exception and an object lesson. Railroads of this kind are likewise important if not indispensable to three large regions, Northwestern Georgia, Central North Carolina, and the Pennsylvania coal country. Further conclusions about public control depend on additional research through the Association of American Railroads, the Federal Railroad Administration, and the sundry Port Authorities. For example, how many jobs depend on publicly owned or owned and operated railroads? How many of these are manufacturing or agricultural jobs on which other jobs depend? How much of the business done by these railroads could conceivably be done by trucks or through pipelines?

Another point of comparison is delays. In this respect, the public railroads are competing with major railroad interchanges that are entirely private, such as Chicago and Atlanta. If the private locations are faring worse, should public authorities take charge? If the troubles of private roads are due to the recent Class I method of "precision-scheduled railroading," freight customers should remember that the only public facilities using this system are the five in which a Class I road is the operator [#1, 9, 11, 12, 19].

These comparisons would interest shippers but also local and state governments wishing to preserve jobs and tax revenues. Likewise important for these governments is the role of public railroads in preserving rural service. With enough support from Washington, would more states provide this service, and would states that already provide it, such as North Carolina, extend it, a commitment that the Class I rrs would never make? One of Washington's motives for giving aid would be to stabilize the industry. No state road has become bankrupt in this century or the last. St. Louis, Baltimore, Pennsylvania, and Massachusetts became rr owners because private firms went bankrupt. Another interest of the state governments is the prevention of accidents such as the one at East Palestine, Ohio. The Federal Railway Administration or the Surface Transportation Board should have information about the safety records of public as compared to private roads.

[15] https://www.lakecountyor.org/government/railroad/index.php

The governmental goal of reducing carbon emissions provides, as the 2023 *Sierra Club Rail Transportation Statement* says, another reason to oppose "precision scheduled railroading," and thus to prefer public to private railways. Precision scheduling drives some freight business off the rails and onto highways, increasing emissions. The Class I roads also object to electrification, which Sierra Club recommends as a way of reducing emissions. The Class I stock- and bondholders do not want to pay for this improvement. Public roads seeking to electrify face smaller financial obstacles, which are raising taxes and selling government bonds, bills, and notes. The Sierra Club also favors the revival of railroad "light freight" and mail-handling. The Class I roads disagree, whereas some public roads, such as the Tacoma "muni" and New York's now derelict South Brooklyn Railway (#2) began as mail- and package-handlers. Public ownership is the path to re-integrating the nation's rail networks. Washington should supervise this project and the State Port and Transport Authorities should help execute it.

The general public's interest in freight railroads is admittedly indirect. Travelers and customers want less smog and less delay, and never mind control. The Sierra Club, though, points out that all these public complaints stem mostly from the Class I roads. The Sierra Club also points out that Indian tribes and city slums have been the worst victims of railroad expansion and pollution, but once again the record of today's two dozen public roads is relatively good. They blocked access to city waterfronts but never uprooted Indian tribes or made city streets dangerous to walk in. The private lines did. St. Louis's Eads Tunnel forced the private lines off downtown streets.

The advantages of public ownership and operation vary according to type of railroad, type of owner, and local history. No matter the variations, railroad workers fare better. They work closer to home and to clinics and hospitals. They make fewer crossings at grade, operate shorter trains, and move slower. All this may contribute to the safety advantage that has already been suggested.

Last comes an argument for any and all public roads. It appeared in the Plumb Plan of a century ago:

> All railroads are public highways. A railroad corporation is an agent of the state for the operation of a public highway. When it accepts a charter authorizing it to perform this function and acquires property under such a charter, it thereby dedicates that property as a public highway for the public service.

> It retains in that property a private interest granted by its charter. That private interest is merely the right to hold title to the property, subject to the public right of the user, [and] to operate it in the public interest.[16]

Which rrs meet this standard of good conduct? NS? The Cincinnati Southern, where NS is the lessee? Or any of the five publicly run roads, the nearest to Cincinnati being the Madison, Indiana rr? The answers to these three questions are no, maybe, and yes.

[16] G. Plumb and Plumb Plan League, *Labor's plan for government ownership and democracy in the operation of the railroads: based on statements by Glenn E. Plumb before the Interstate Commerce Committee of the United States Senate with additional material* (Washington, D.C. 1919?), 4-5.

APPENDIX: PUBLICLY OWNED OR OPERATED FREIGHT RAILROADS IN THE USA

(listed by region. Each road is classified by present public owner; the owner's present designee, if any; the present operator or operators, *italicized* if public; and any notable trackage)

NORTHEAST

1. Greater Boston — Owner: State of Mass. as of 1967; 1973, 2009
   Designees: Mass. Water Resources Authority; Mass. Bay Trans. Authority
   Operator: Fore River Transportation; CSX

2. Brooklyn, NY — Owner: NYC as of 1940
   Designee: NY Transit Authority, BMT Division
   Operator: South Brooklyn Railway (inactive)

3. Long Island, NY — Owner: NY State as of 1964
   Designee: Metropolitan Trans. Authority, LIRR
   Operator: NY & Atlantic

4. Northern New Jersey — Owners: State of NJ, US Govt. as of 1976
   Designees: NJ Transit, Amtrak
   Operator: Conrail Shared Assets

5. Southern New Jersey — Owners: State of NJ, US Govt as of 1976
   Designees: Amtrak, South Jersey Port Corp.
   Operator: Conrail Shared Assets

6. Philadelphia — Owners: City of Phila., US Govt as of 1976
   Designees: Amtrak, South Jersey Port Corp.
   Operator: Conrail Shared Assets

7. Eastern Pennsylvania — Owner: Commonwealth of Penn. as of 1986
   Designee: Regional Rail LLC
   Operator: Eastern Penn Railway

8. Baltimore — Owner: State of Maryland as of 1987
   Designee: Canton RR
   Operator: *Canton RR*

SOUTH

9. North Carolina — State of North Carolina as of 1988 (full ownership)
   Designee: North Carolina Railway

	Operator: NS
10. Charleston	City of Charleston as of 1921 Designee: S. Carolina Dept. of Commerce Operator: Palmetto RR
11. Savannah	Owner: State of Georgia as of 1948 and later dates Designee: Georgia Port Authority Operators: CSX, NS
12. North Georgia	Owner: State of Georgia as of 1986 Designee: Western & Atlantic Operator: CSX
13. Mobile	Owner: State of Alabama as of date of construction, 1928 Designee: State of Alabama Port Authority Operator: *Terminal Railway*
14. New Orleans	Owner: City of N.O. since 1908 and later dates Designee: New Orleans Public Belt RR Operator: *New Orleans Public Belt RR* Trackage: Huey P. Long Bridge
15. Houston	Owner: City of Houston as of 1909 and later State of Texas Designee: Port of Houston Authority Operator: Port Terminal RR Association, a consortium of the Authority and 4 RRs
16. Galveston	Owner: City of Galveston as of 1900 Designee: Genesee & Wyoming Operator: Genesee & Wyoming
17. Corpus Christi	Owner: City of Corpus Christi as of 1924 Designee: Port of Corpus Christi Authority Operator: Genesee & Wyoming

MIDWEST

18. West Va.	Owner: State of W. Va. Designee: W. Va. Dept. of Trans. Operator: Durbin & Greenbrier Valley RR
19. Cincinnati	Owner: City of Cincinnati as of 1869, but pending transfer to NS Designee: Cincinnati Southern RR

Operator: NS

20. Madison, Ind. — Owner: City of Madison as of 1981
Designee: Madison RR
Operator: *Madison Port Authority*

21. St. Louis — Owner: City of St. Louis as of 1989
Designee: Bi-State Regional Trans. Authority
Operator: a consortium of RRs
Trackage: Eads Bridge & Tunnel

22. Michigan RRs — Owner: State of Michigan as of 1986 and later
Designee: Michigan Dept. of Trans.
Operators: Great Lakes Central, Huron & Eastern, Indiana Northeastern, Lake State RRs.

WEST

23. Greater Los Angeles — Owner: Cities of LA and Long Beach
Designee: Alameda Corridor Trans. Authority
Operator: The Authority and private lines
Trackage: Alameda Corridor

24. Denver — Owner: City and County of Denver as of 1928
Designee: none
Operator: UP
Trackage: Moffat Tunnel

25. Oregon — Owner: City of Prineville as of 1918
Designee: Prineville RR
Operator: *Prineville RR*

26. Oregon & Cali. — Owner: Lake County as of 1986
Designee: Frontier RR 2006-09, Goose Lake RR, 2009-
Operator: Great Western 1986-96, *Lake County* 1996-2006, Modoc & Northern RR 2006-09, Lake RR 2009-

27. Washington — Owners: Cities of Seattle and Tacoma (latter since 1918)
Designee: NW Seaport Alliance
Operators: NW Container Services and *Tacoma Rail*

28. Alaska — Owner: State of Alaska (1985); U.S. Govt. (1914-85)
Designee: Alaska RR Corp.
Operator: *Alaska RR Corp.*