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• Jimmy Carter

Staggers Rail Act of 1980 Statement on Signing S. 1946 Into Law.

October 14, 1980

Today I take great pleasure in signing the Staggers Rail Act of 1980. This legislation builds on the railroad deregulation proposal I sent to Congress in March 1979. It is vital to the railroad industry and to all Americans who depend upon rail services.

By stripping away needless and costly regulation in favor of marketplace forces wherever possible, this act will help assure a strong and healthy future for our Nation's railroads and the men and women who work for them. It will benefit shippers throughout the country by encouraging railroads to improve their equipment and better tailor their service to shipper needs. America's consumers will benefit, for rather than face the prospect of continuing deterioration of rail freight service, consumers can be assured of improved railroads delivering their goods with dispatch.

The importance of this act is demonstrated by the wide array of individuals and groups who support it, including railroad management and labor, major shippers such as automobile, steel, and coal companies, retail stores, farm organizations, and environmental and other public interest representatives. This act would not have been possible without the outstanding leadership of Senators Howard Cannon, Robert Packwood, and Russell Long, and Congressmen Jim Florio, Edward Madigan, and James Broyhill.

It is especially appropriate that this legislation is named after Harley O. Staggers, who is retiring from Congress this year and who has done so much to achieve passage of this bill as well as other major legislation throughout his illustrious congressional career.

This act is the capstone of my efforts over the past 4 years to get the Federal Government off the backs of private industry by removing needless, burdensome regulation which benefits no one and harms us all. We have deregulated the airlines, a step that restored competitive forces to the airline industry and allowed new, innovative services. We have freed the trucking industry from archaic and inflationary regulations, an action that will allow the startup of new companies, encourage price competition, and improve service. We have deregulated financial institutions, permitting banks to pay interest on checking accounts and higher interest to small savers and eliminating many restrictions on savings institutions loans.

Where regulations cannot be eliminated, we have established a program to reform the way they are produced and reviewed. By Executive order, we have mandated regulators to carefully and publicly analyze the costs of major proposals. We have required that interested members of the public be given more opportunity to participate in the regulatory process. We have established a sunset review program for major new regulations and cut Federal paperwork by 15 percent. We created a Regulatory Council, which is eliminating inconsistent regulations and encouraging innovative regulatory techniques saving hundreds of millions of dollars while still meeting important statutory goals. And Congress recently passed the Regulatory Flexibility Act, which converts into law my administrative program requiring Federal agencies to work to eliminate unnecessary regulatory burdens on small business. I am hopeful for congressional action on my broad regulatory reform proposal now pending, to help complete congressional action on my regulatory reform proposals.

Today these efforts continue with deregulation of the railroad industry and mark the past 4 years as a time in which the Congress and the executive branch stepped forward together in the most significant and successful deregulation program in our Nation's history. We have secured the most fundamental restructuring of the relationship between industry and government since the time of the New Deal.

In recent decades the problems of the railroad industry have become severe. Its 1979 rate of return on net investment was 2.7 percent, as compared to over 10 percent for comparable industries. We have seen a number of major railroad bankruptcies and the continuing expenditure of billions of Federal dollars to keep railroads running. Service and equipment have deteriorated. A key reason for this state of affairs has been overregulation by the Federal Government. At the heart of this legislation is freeing the railroad industry and its customers from such excessive control.

The Interstate Commerce Commission (ICC), under the able leadership of Chairman Gaskins, has made substantial progress toward reducing regulatory burdens, and I commend the Commission for the progress it has made. The bill I am signing today builds upon and reinforces these crucial reforms, and I look to the Commission for prompt and effective implementation to achieve its deregulatory objectives.

The Staggers act places a gradually increasing jurisdictional threshold on ICC review of rate decisions, thereby providing railroads with much-needed freedom to set rates while also affording shippers appropriate protection. It encourages a realignment of the joint rate system that now results in some carriers losing money on many hauls, and for the first time explicitly authorizes railroads and shippers to contract for rates and services like other private industries. Competition is increased by significantly curtailing the collective rate-setting practices of the railroad industry, and remaining ICC rate and railroad restructuring procedures are simplified and shortened.

The act also reforms the existing system of labor protection for Conrail employees and will allow Conrail to provide more effective service to those who depend on it. In addition, the legislation amends the Rock Island Railroad Transition and Employee Assistance Act to help assure that displaced former Rock Island employees will receive financial assistance necessary to make the transition to other employment. As a result, the reorganization of Rock Island lines, so vital to Midwest shippers, should be facilitated.

Finally, the act authorizes expansion and revision of the existing financing program which provides funds to help our Nation's railroads. It is my expectation that these Federal funds be directed to the maximum extent possible at rail restructuring projects, and the Secretary of Transportation has assured me that he will give the highest priority to using the funds provided in that manner.

All Americans will benefit from the Staggers Rail Act of 1980.

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