Plymouth Institute for Free Enterprise

Approve Transcontinental Railroad Merger

Preston Brashers, Research Fellow

ADVANCING AMERICAN FREEDOM

TOPLINE: The Surface Transportation Board (STB) should expedite the approval of the proposed merger of the Union Pacific Railroad (UP) and Norfolk Southern Railway (NS) to allow the creation of America's first single-line coast-to-coast railroad.

BACKGROUND: Because no single railroad spans the U.S., freight moving across the country must pass through slow, costly interchanges in hubs like Chicago and New Orleans. There, huge volumes of freight are transferred between carriers.

UP operates about 32,700 miles of railroads in the West, while NS operates about 19,200 miles in the Eastern United States. The areas served by UP and NS have minimal overlap. In July 2025, UP and NS entered into a merger agreement that would create a single-line transcontinental railroad, making rail a more cost-effective option for cross-country freight. However, railroad mergers face rigorous scrutiny and require STB approval. The STB previously delayed the merger process multiple times even as UP and NS have made major concessions to appease potential opponents of the deal.

Derailed by Regulation: America's railroads once helped spur America's second Industrial Revolution. The railroads were so revolutionary that critics decried them in much the same way critics condemn Big Tech companies today. In the early 1900s, the government began heavily regulating and, in some cases, breaking up railroads. Instead of boosting competition, this contributed to a steep decades-long decline in investment and sustained job losses. By 1915, the number of railroad miles had begun to decline, a trend that has continued for more than a century. In the 1970s, many railroads faced bankruptcy, and Congress passed a series of bills bailing them out. The Staggers Rail Act of 1980 partially deregulated the industry and helped reverse its decline, though excessive federal regulation remains a problem to this day.

Action Items (Surface Transportation Board):

- **Avoid unnecessary process delays** in the UP-NS merger.
- **Avoid pressuring UP and NS to make further costly concessions** as a condition of approving the merger.

How It Would Make Life More Affordable:

- It would connect 88,000 pairs of U.S. counties and remove the need for thousands of daily interchanges, reducing the cost of moving goods by rail within the U.S.
- It would connect metropolitan areas to about 100 U.S. ports, making U.S. exporters more competitive and reducing import prices for families and businesses.
- By making rail more competitive against long-haul trucking, it would reduce fuel demand, help ease prices at the pump, and reduce highway maintenance costs.

BOTTOMLINE: The STB shouldn't act as a barrier to two companies that wish to *tear down* the barriers that raise transportation costs between America's east and west.