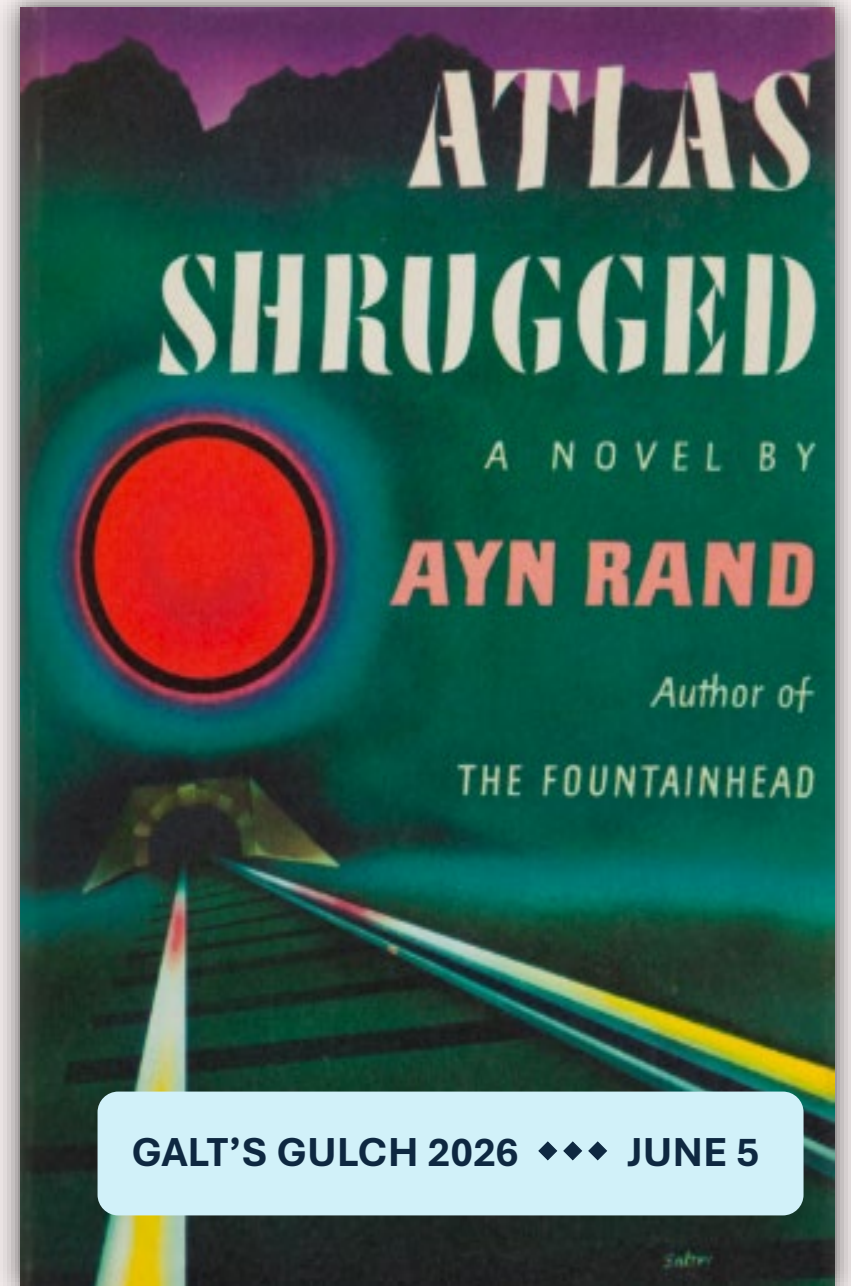


Atlas Shrugged

How Fiction Inspired Reality on Railways Worldwide

Henry Posner III

CHAIRMAN | Railroad Development Corporation | www.RRDC.com



Section A

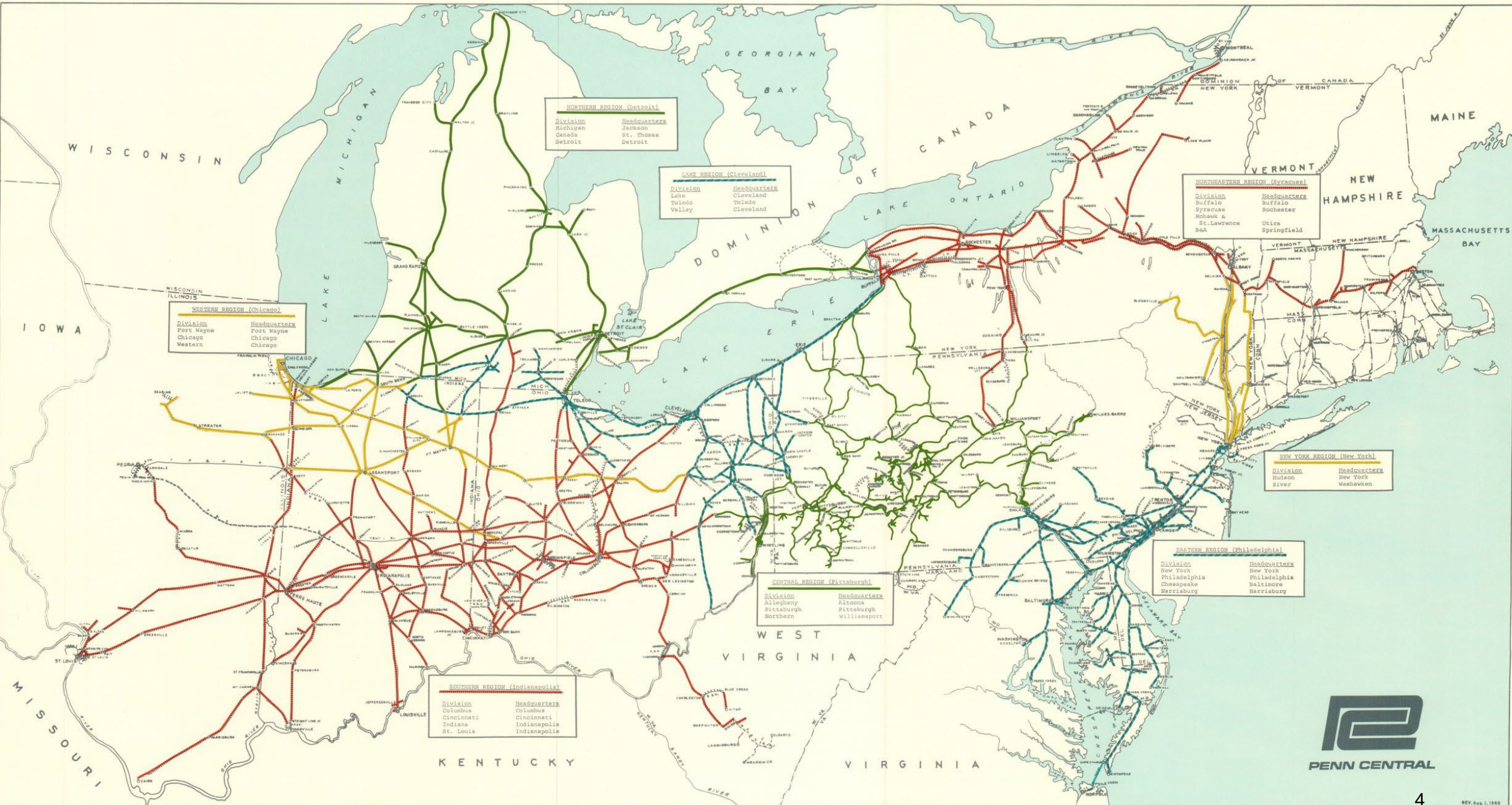
Fiction to Reality

Film: “PENN CENTRAL 1974”



1968 | New York Central, Pennsylvania RR Merger

1970 | Penn Central Bankruptcy



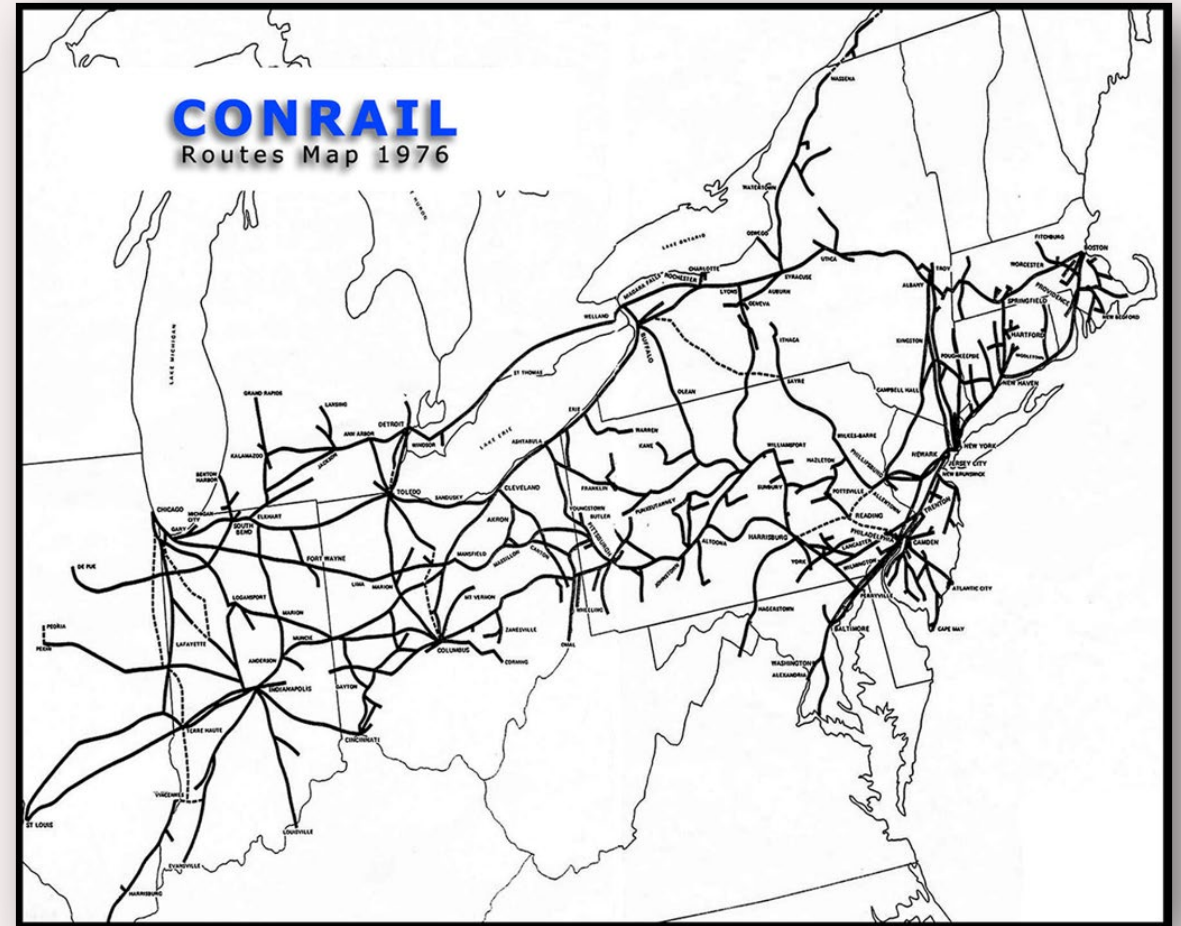
The “Northeast Railroad Problem” reaches Tucumcari NM

- 1975 | Rock Island bankruptcy
- 1980 | Rock Island liquidation



The Industry hits rock bottom

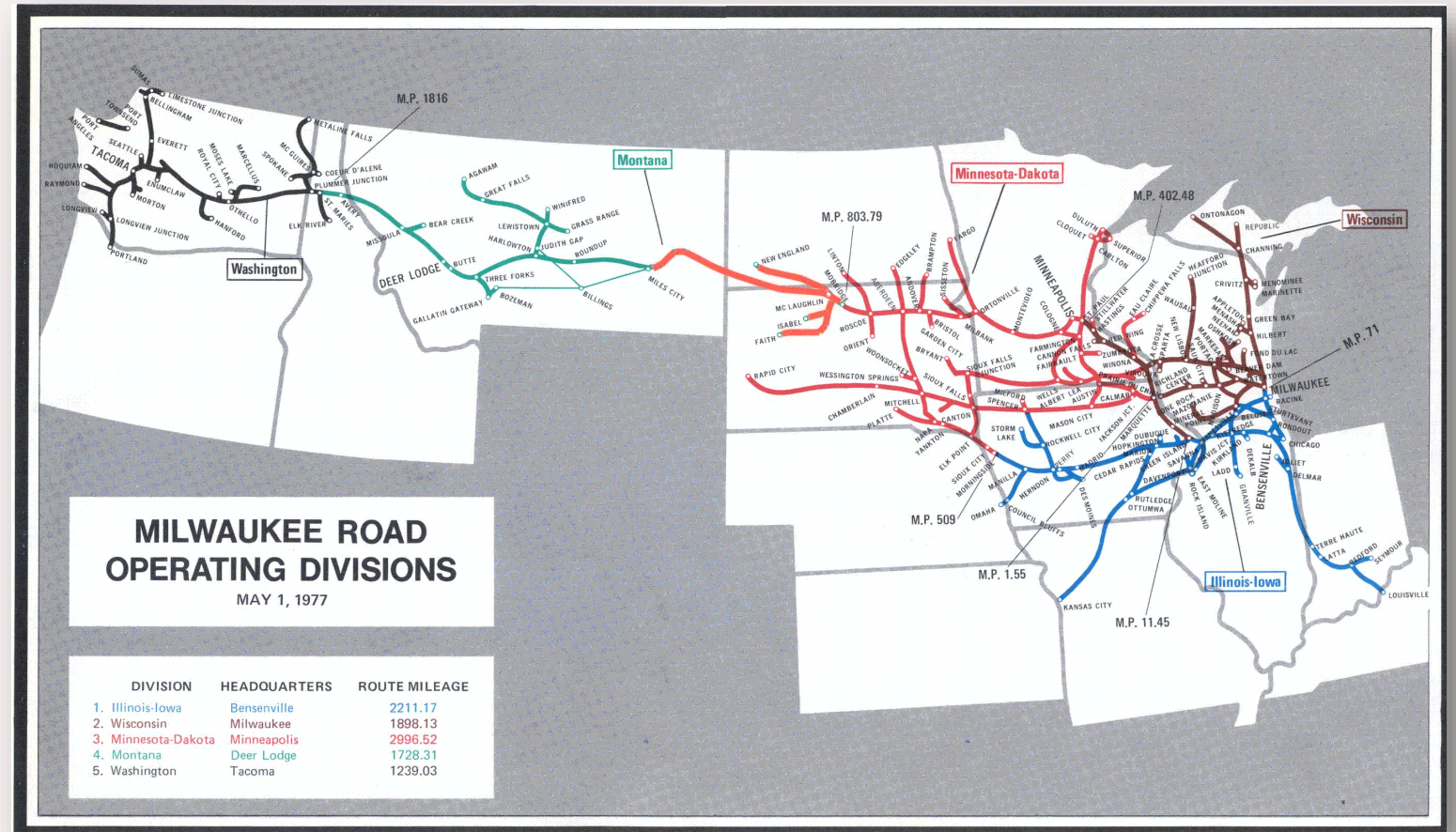
1976 | Conrail created,
Consolidates Penn Central
plus 6 others



The Industry hits rock bottom

1977 | Milwaukee Road bankruptcy

1980 | Milwaukee Road west end abandonment



The Milwaukee Road's Last Bankruptcy



The “Northeast Railroad Problem” reaches Seattle

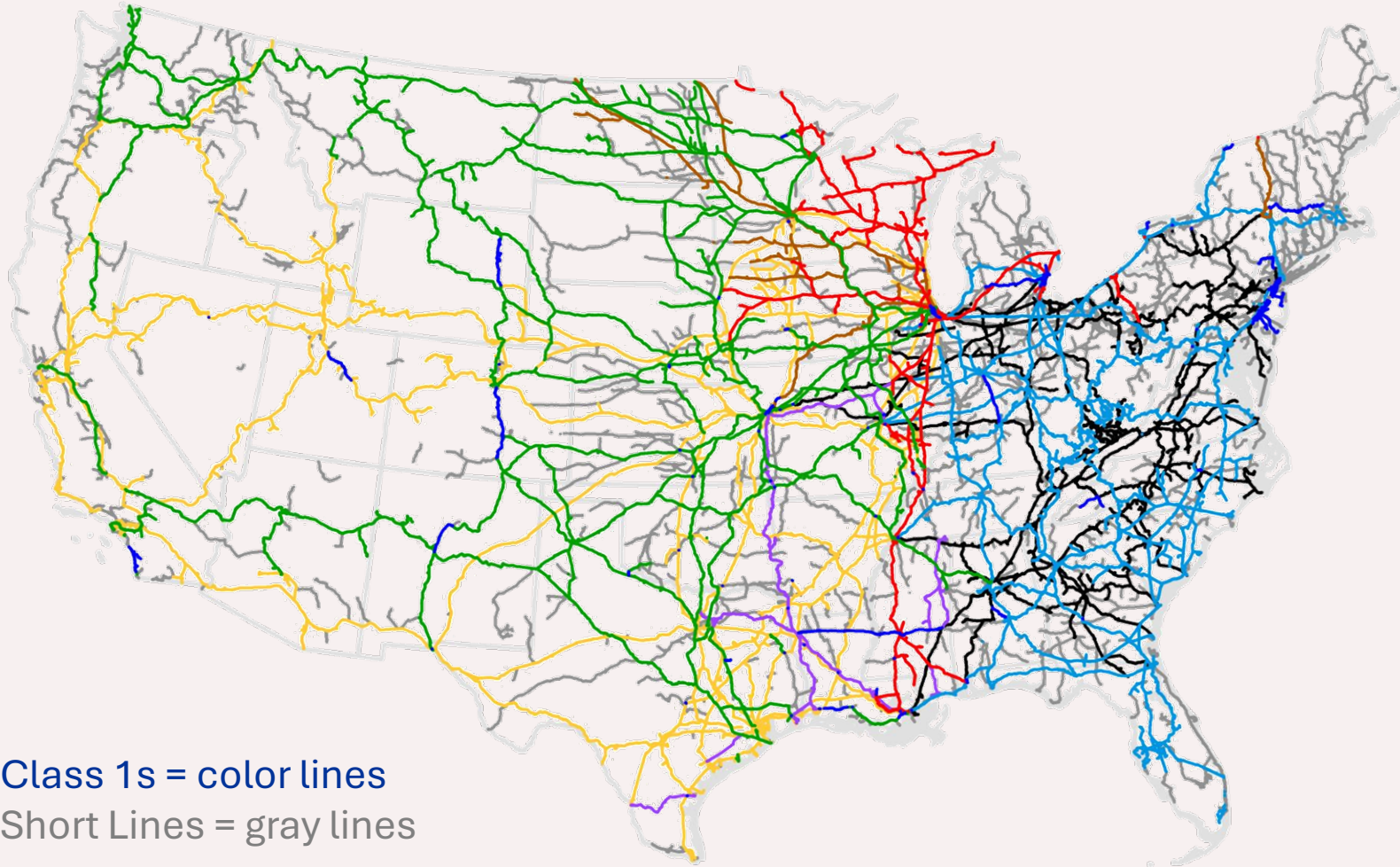


Industry Environment through 1970s

PROBLEMS

- **Passenger Losses**
- **Price Regulation**
- **Service Regulation**
- **Truck Competition**
- **De-Industrialization**

Network Today



Class 1s = color lines
Short Lines = gray lines



**Class 1s and
Short Lines**

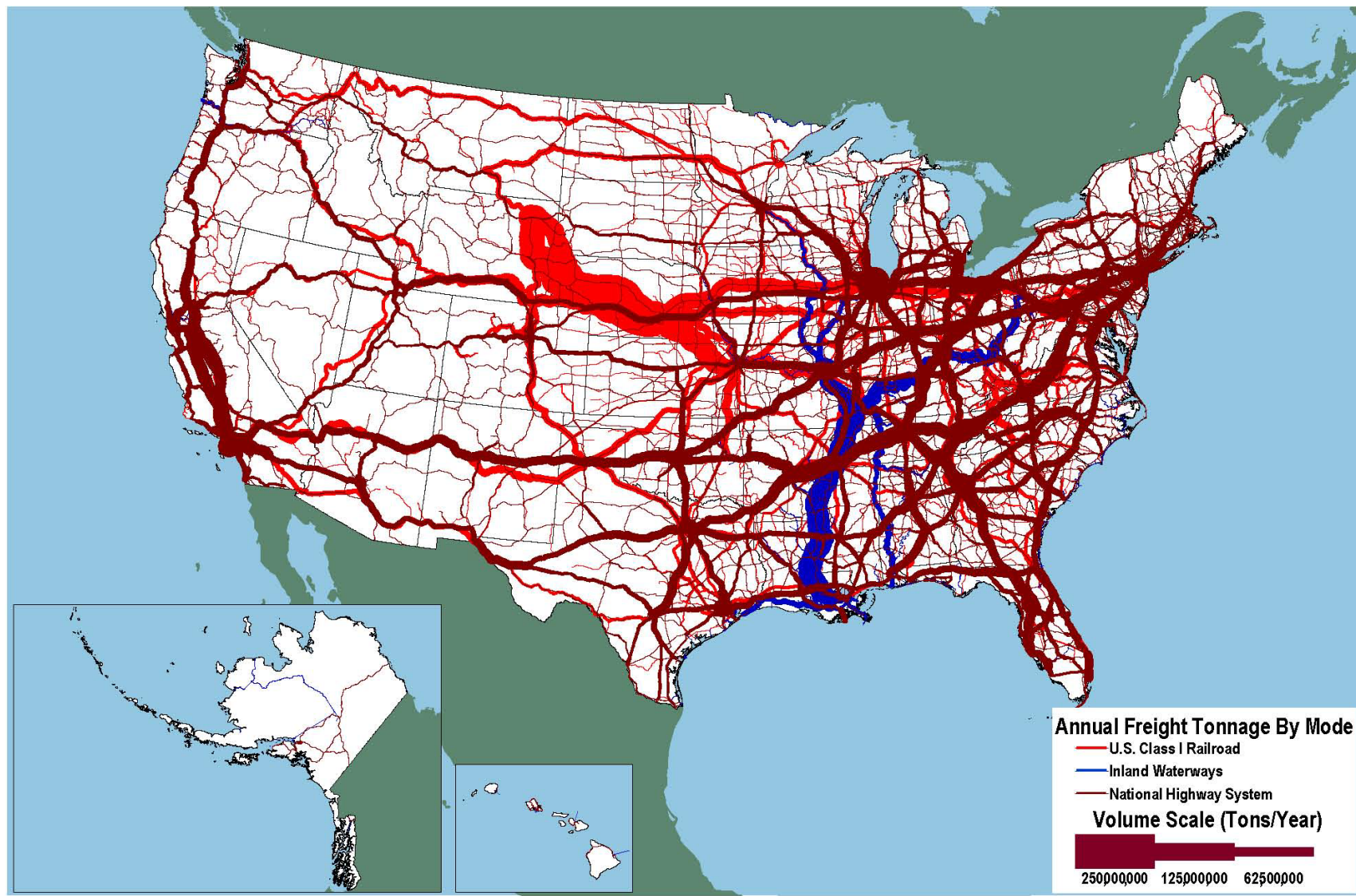


**Shaped by
Markets**



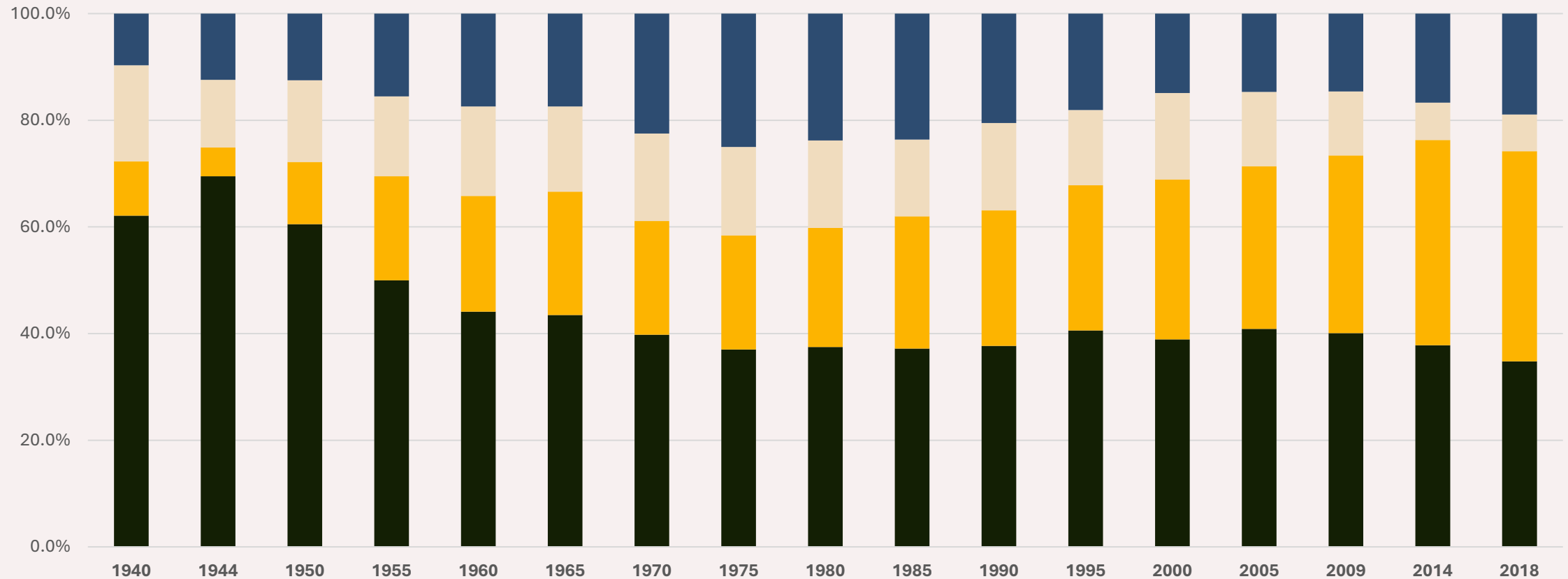
**Enabled by
Deregulation**

Tonnage on Highways, Railroads and Inland Waterways: 2002



Rail Market Share by Ton-Miles of Freight 1940 - 2018

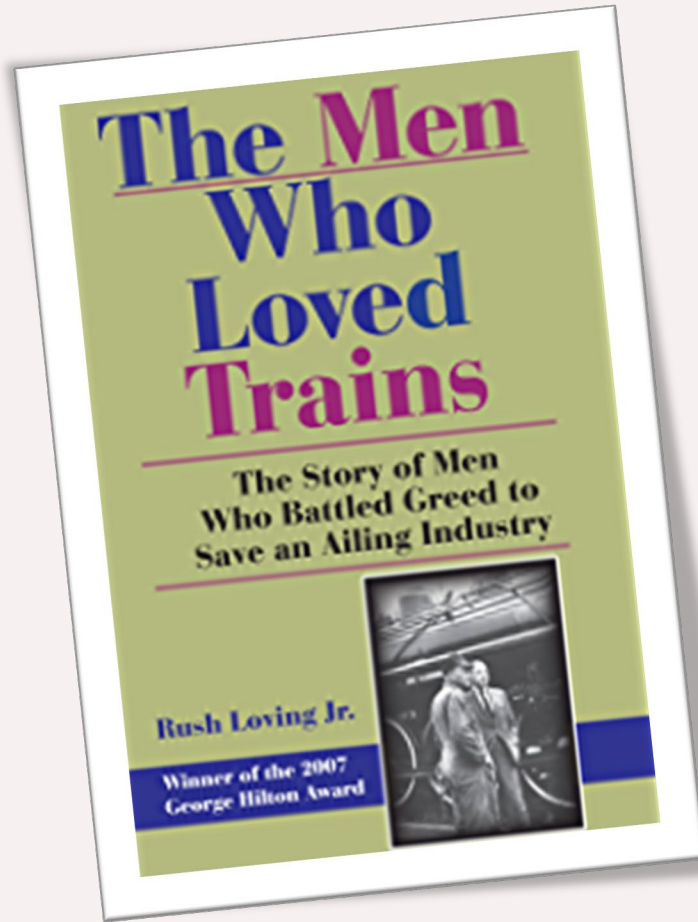
■ Rail ■ Truck ■ Water ■ Pipelines, etc.



Industry Environment Since 1980

PROBLEMS	YEAR	SOLUTIONS
PASSENGER LOSSES	1971	AMTRAK
PRICE REGULATION	1980	DEREGULATION
SERVICE REGULATION	1980	DEREGULATION
TRUCK COMPETITION	1980	DEREGULATION
DE-INDUSTRIALIZATION	ONGOING	DOWNSIZING

The Greatest Story Never Told



Not a lot written,
most notably...

*The Men Who
Loved Trains*

... but there
is a prequel

The PEOPLE Who Loved Trains



Samuel Pinsly



Al Perlman



Ayn Rand

SAMUEL PINSLY

President, Pinsly Railroads

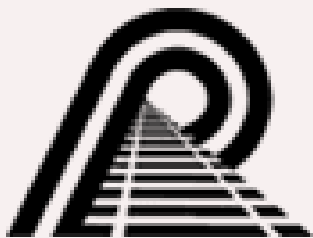


- Broke with father-in-law, salvage dealer
- Morphed from liquidator to operator
- Audacity: tried to save NYO&W

THE LEGACY



PINSLY	CONCEPT	EXAMPLE	IMPACT
	LOCAL MODEL	PIONEER VALLEY RR	ALL SHORT LINES
	ENTREPRENEURSHIP	FAMILY OWNERSHIP	MANY SHORT LINES



- 1952 | Suncook Valley Railroad
- 1954 | Claremont and Concord Railroad
- 1957 | Montpelier and Barre Railroad
- 1957 | Greenville and Northern Railway

AYN RAND

Author, “Atlas Shrugged”



- **SETTING**

Taggart Transcontinental Railroad

(modeled on NYC)

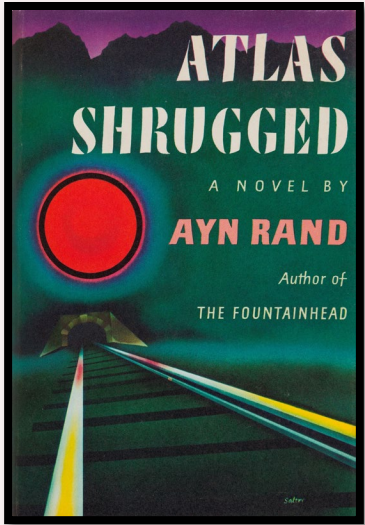
- **THEMES**

- Capitalism
- Regulation
- Industry
- Entrepreneurship

THE LEGACY



RAND	CONCEPT	EXAMPLE	IMPACT
	CAPITALISM	EVERY RR	CONRAIL PRIVATIZATION
	DEREGULATION	DIFFERENTIAL PRICING	INTERLINE PRICING



AL PERLMAN

President, NYC



- **Iconic, NYSE company**
- **LIABILITIES**
 - Urban footprint
(like Grand Central Terminal)
 - Passenger services
(like 20th Century Limited)
- **CHALLENGES**
 - Competition
 - Regulation
 - Labor
 - De-Industrialization

THE LEGACY



PERLMAN

CONCEPT

EXAMPLE

IMPACT

CORE NETWORKS

TECHNOLOGY

CENTRALIZED TRAFFIC CONTROL

MARKETING

INTERMODAL

TRUCK COMPETITIVE



THE LEGACY: Basics in Place for Next Generation

PINSLEY



**Short line model
Entrepreneurship**

Local Solutions

PERLMAN



**Super-railroads
Marketing**

Network Solutions

RAND



**Capitalism
Deregulation**

Inspiration

A Jewish Conspiracy? Probably Not!

PERSONALITY		PINSKY	PERLMAN	RAND	BROSNAN
LOCATION		Boston	New York	New York	Washington
TIME	1947			NYC research for “Atlas Shrugged”	
	Pre-1952	Acquires RRs #1 to 3			
	1952 – 1957	Acquires RRs #4 to 7			
	Pre-1954		DRGW		
	Mid-1950s				Perlman ally
	1954 – 1968		NYC President		
	1957			“Atlas Shrugged” published	

- **Market Forces – Truck Competition, etc.**
- **Regulation**
- **Fragmentation (128 Class 1s as of 1950)**

... but look what was in Al Perlman's archive!



Section B

All About Me



Atlas Shrugged and Me

ROCK ISLAND	1976	Prequel to liquidation ... and IAIS
CONRAIL	1978	Detroit . . . Reading <i>Atlas Shrugged</i>
	1980	New York . . . Living <i>Atlas Shrugged</i>
	1982	Philadelphia . . . Learning deregulation
RDC	1990s	Latin America, Africa, Estonia – exporting Conrail

Conrail - Brooklyn



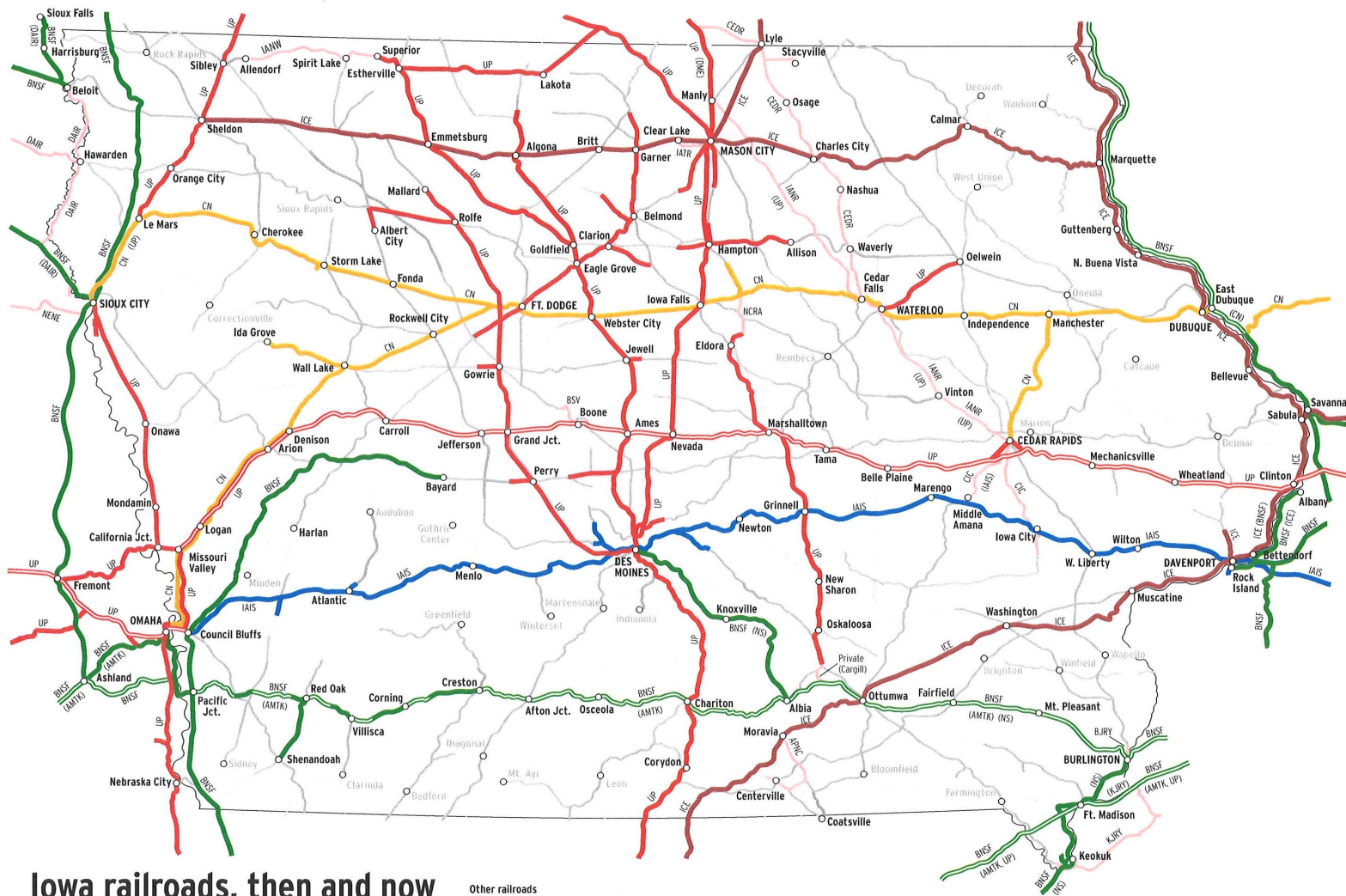
USA

IOWA INTERSTATE RAILROAD



- **Class II freight railroad** operating between Chicago IL and Council Bluffs IA with branch to Peoria IL: connects with all 7 Class I railroads
- **SAFETY:** Delta Airlines reference peer
- **Industrial Development:** Ethanol, Biofuels, Wind Energy, Intermodal Initiatives
- **Partnership:** iCON Infrastructure since December 2020
- **Community Service:** fire department benefit steam trips





Iowa railroads, then and now

Chronology of line abandonments

1911 - 1949
1950 - 1969
1970 - 1979
1980 - 1999
2000

Present-day Class I and large Iowa regionals

Color coded and identified

BNSF	Burlington Northern Santa Fe
CN	Canadian National
ICE	Iowa, Chicago & Eastern
IAIS	Iowa Interstate
UP	Union Pacific

Other railroads

Color coded, and identified

AMTK	Amtrak (parentheses indicate trackage or haulage rights tenant)	IANR	Iowa Northern
APNC	Appanoose County Community	IANW	Iowa Northwestern
BSV	Boone & Scenic Valley (tourist)	IATR	Iowa Traction
BJRY	Burlington Junction	KJRY	Keokuk Junction
CIC	Cedar Rapids & Iowa City	NENE	Nebraska Northeastern
CED	Cedar River	NS	Norfolk Southern
DAIR	D & I Railroad	NCRA	North Central Railway Association
DME	Dakota, Minnesota & Eastern		

Trains

0 5 10 20 30 40 50 miles

© 2004, Kalmbach Publishing Co., TRAINS, Robert Wagner
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From Iowa Department of Transportation data

During the liquidation of the Rock Island and reorganization of the Milwaukee Road, many lines were abandoned and later acquired by other railroads. These abandonments are not indicated on the map.

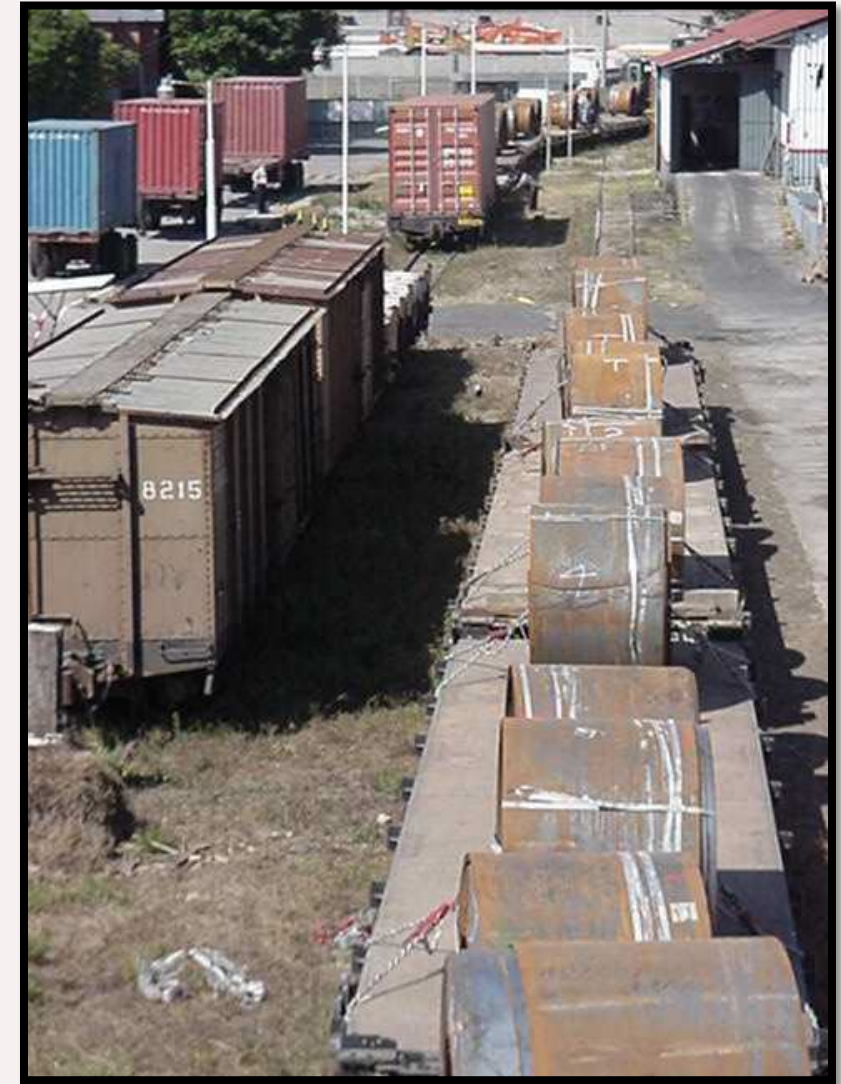
GUATEMALA

FERROVIAS GUATEMALA

- | | |
|------|--|
| 1996 | ■ Abandoned by public sector |
| 1999 | ■ Restored to operation by private sector |
| 2005 | ■ Oligarch “offer” to become 50% shareholder without compensation (<i>Culture of Impunity</i>) |



Guatemala | 1999



Kinda like Brooklyn . . .



2007 | Rail service suspended

**IFC “Category A
Environmental
Problem” Solved!**



. . . But national safety problems not solved



“Like a scene from *Atlas Shrugged*”

2008 – 2012 THEFT



CAFTA Arbitration: “RDC vs. Guatemala”

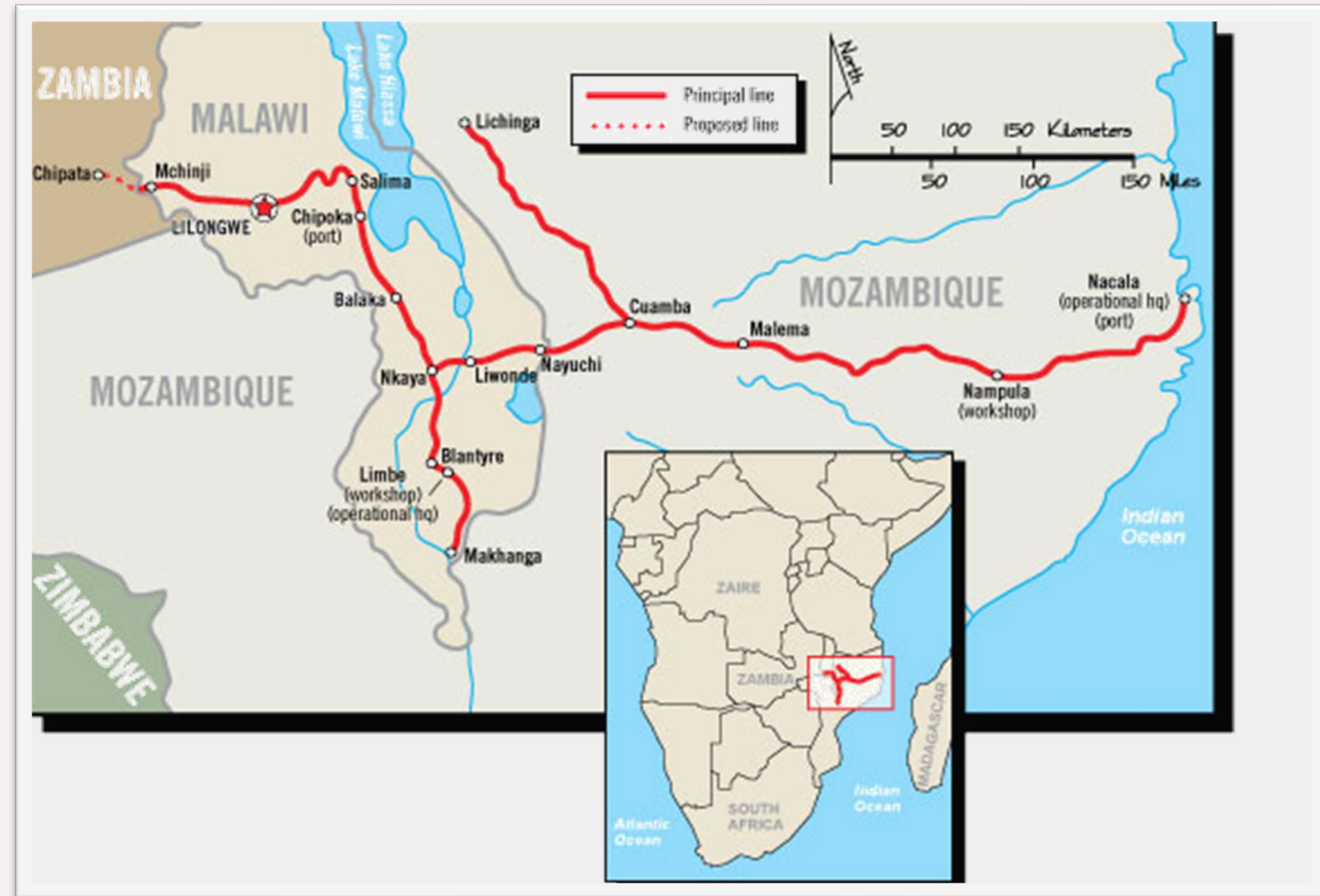
Aug 2006	■ “Lesivo” declaration = Indirect Expropriation
Jun 2007	■ First-ever CAFTA claim
Sep 2007	■ Operations suspended
2008 – 2012	■ Infrastructure stolen
2012	■ CAFTA arbitration award
2013	■ RDC paid \$14.6 Million



NACALA CORRIDOR

1999

Integrated port/railway
network for Malawi,
Mozambique and
Zambia



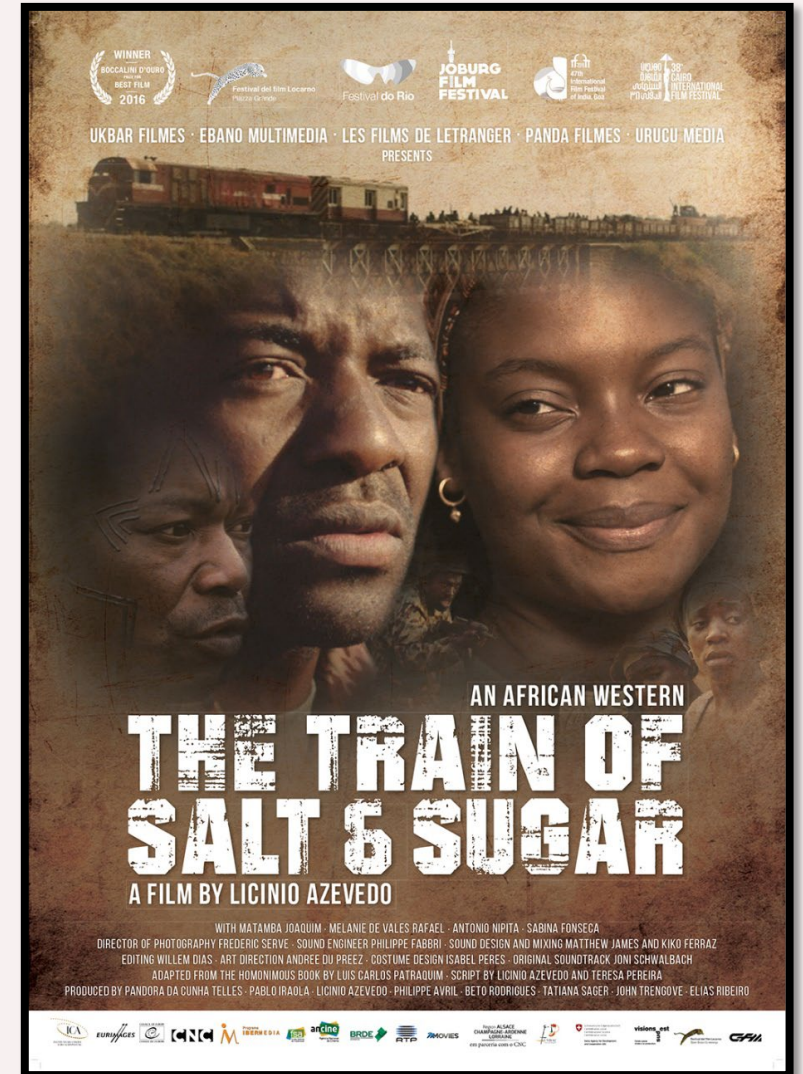
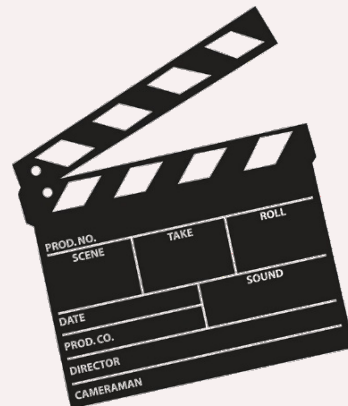
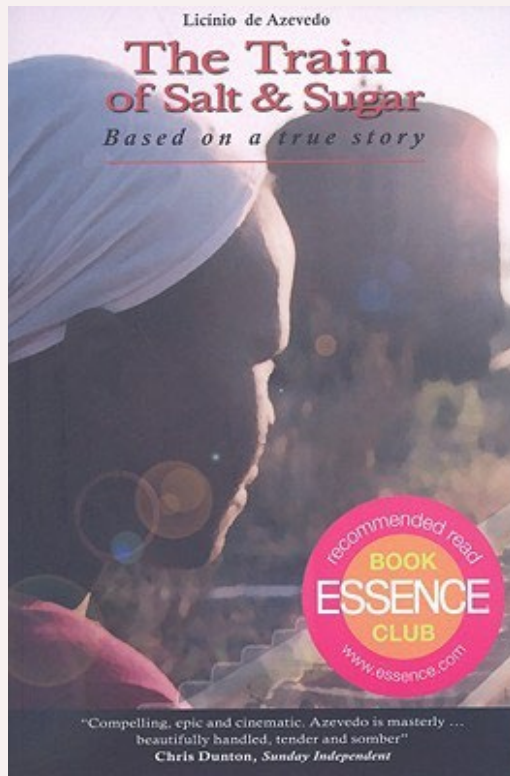
Nacala Corridor | 2006



Nacala Corridor | 2006

1997	■ Negotiations begin...
Jan 1999	■ Mozambique -- MoU for Nacala concession
May 1999	■ Malawi -- railway concessioned
2003	■ Mozambique -- OPIC \$29.6M financing
2004	■ <i>Mozambique – World Bank funding \$110M to competing Beira Corridor</i>
2005	■ Mozambique -- 15-year concession awarded
2006	■ <i>World Bank interference on behalf of Beira Corridor</i>
2008	■ Nacala Corridor concessions sold to “Mozambican investors”

Coming to a Theater Near You





PERU: FERROCARRIL CENTRAL ANDINO

- **Industry model for safety;** no injuries 2018, 2021
- 489 km (305 mi) single-track standard gauge railroad from Port of Callao and Lima to Huancayo and Cerro de Pasco
- Highest railway in the Americas, **second highest in the world;** 4,818 meters (15,807 ft/3 mi) above sea level
- **Railway Wonder of the World:** 68 tunnels, 61 bridges, 9 switchbacks
- Completely rebuilt 286,000 GWOR corridor featuring CWR, concrete ties, strengthened bridges and central dispatch/control center
- A multi-year track record of delivering sustained growth in tonnage, efficiency, and revenue

Section C

The Future

1. Your rail career
2. Your European train vacation

Not an endorsement, but . . .

BELARUS

Pioneer Railway | Minsk



“Why can’t we have trains like in America?”



FRANCE

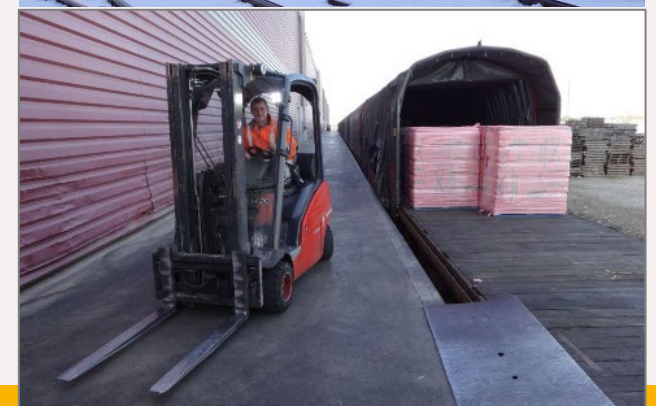
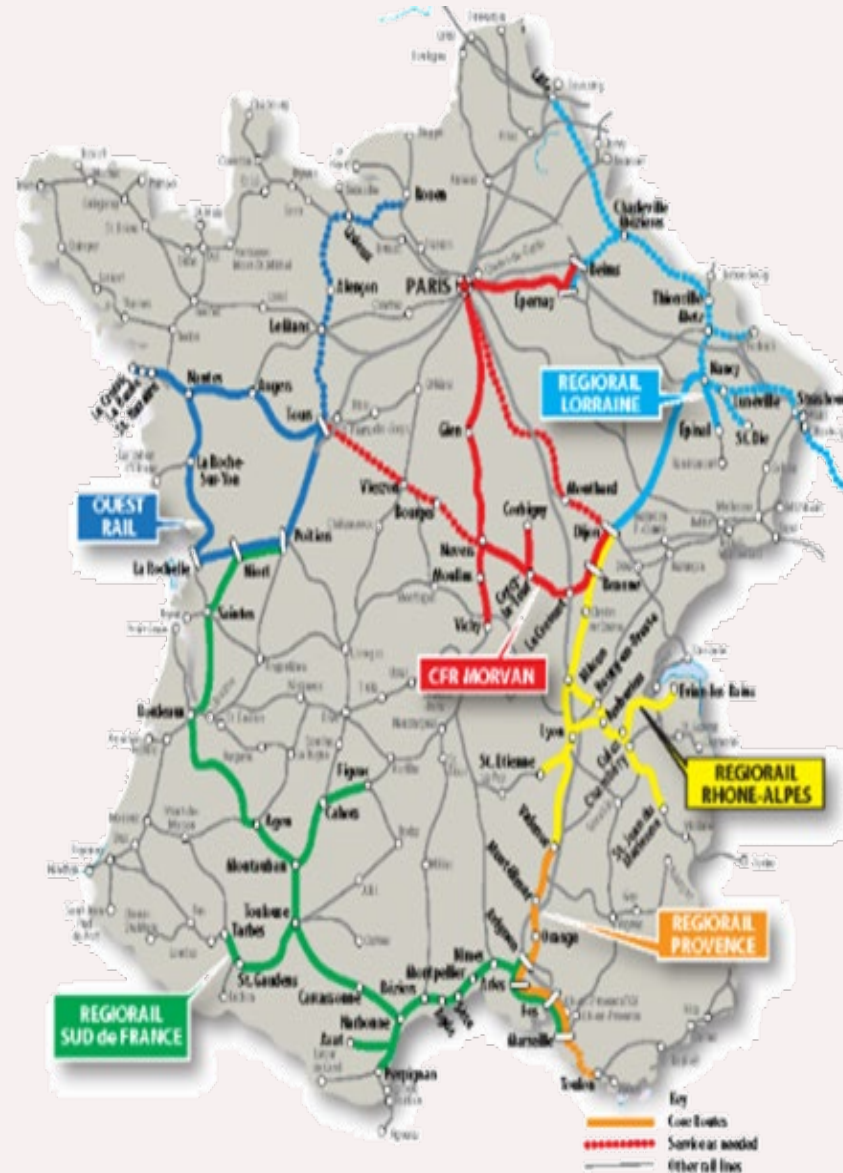
REGIORAIL / EURORAIL

RegioRail

- First kilometer/last kilometer, **wagonload** traffic, **national coverage** in France
- Clients include Danone (Evian), Nestlé (Perrier), Lafarge, Eiffage, Michelin

Eurorail

- **Logistics specialist** based in Belgium
- **5 rail-served warehouses**, connecting France, Italy and Spanish border with global networks



GERMANY



RDC Deutschland holds interests in:

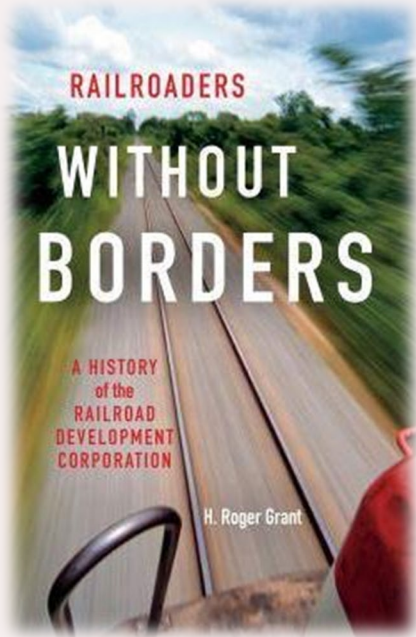
BahnTouristikExpress (BTE)

- **AutoReiseZug**: night auto train service between Hamburg and Lörrach
- Provider of rolling stock for the European **night train** renaissance
- Operator of **Thunderbird services** such as Ukrainian refugee trains
- New turnkey offering for Swedish Rail (SJ)

AUTOZUG Sylt

- First privately-owned railway company to transport passengers in their vehicles to the **island of Sylt**. Trucks added in 2019.
- Recent investments: new trainsets, locomotives
- Terminal upgrades for an enhanced customer experience completed in 2019





Railroaders Without Borders

A HISTORY OF THE
RAILROAD DEVELOPMENT CORP.

*Prof. H. Roger Grant
Clemson University*

Published by Indiana Univ. Press | 2015

Things I learned from my father ...

- Work with partners
- Never make too good of a deal
- Encourage disagreement
- Choose your battles
- “You don’t know what you don’t know”



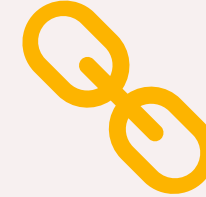
HENRY POSNER JR.



Q & A



Thank you!



Contact

Henry Posner III

Chairman | Railroad Development Corp.

HPOSNERIII@RRDC.COM

(412) 928-7704