

You Have Nothing to Lose But Your Trains!

JEWISH LEADERS IN THE SALVATION OF AMERICA'S RAILROADS

Henry Posner III

Chairman

Railroad Development Corp.

WWW.RRDC.COM

Trigger warning: The following will be discussed:

- **Libertarian Ideology**
- **Family Dynamics**
- **Drug Use**

Railroads as a Stealth Industry — Princeton Jct. example

1975



2016



Princeton Jct. — Behind the Scene

	1950	1970	1973	1977	2019
Infrastructure	Pennsylvania RR	Penn Central	Penn Central	Amtrak	Amtrak
Intercity Passenger	Pennsylvania RR	Penn Central	Amtrak	Amtrak	Amtrak
Commuter	Pennsylvania RR	Penn Central	Penn Central	Conrail	NJ Transit
Freight	Pennsylvania RR	Penn Central	Penn Central	Conrail	Conrail

Key:

Private Sector – Bankrupt

Private Sector

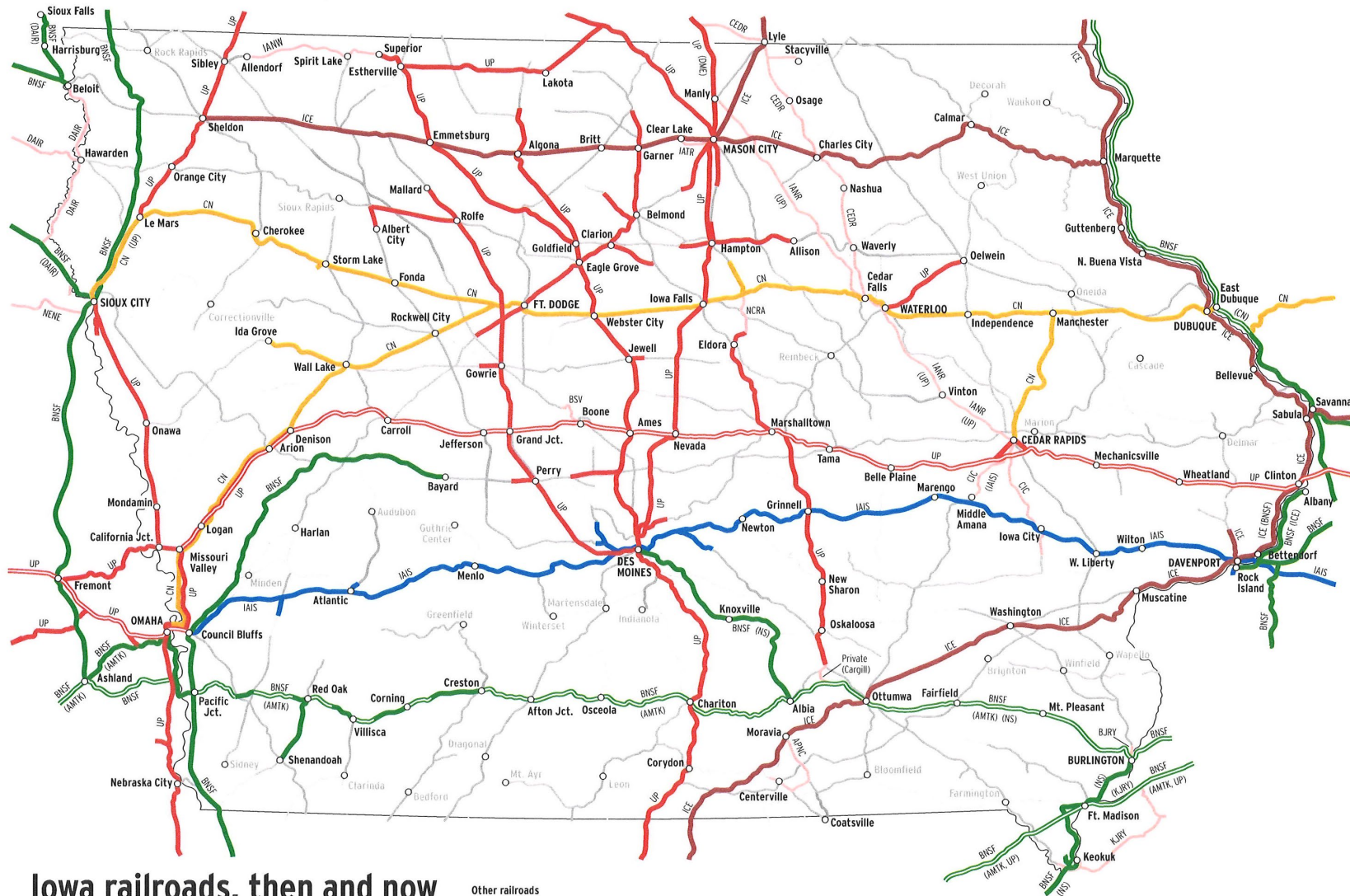
Public Sector

Industry Environment Through 1970s

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



Ohio's railroads: 1946 and 2006



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	Double track
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
D & I Railroad		NCR	North Central Railway Association
DME	Dakota, Minnesota & Eastern		

Trains

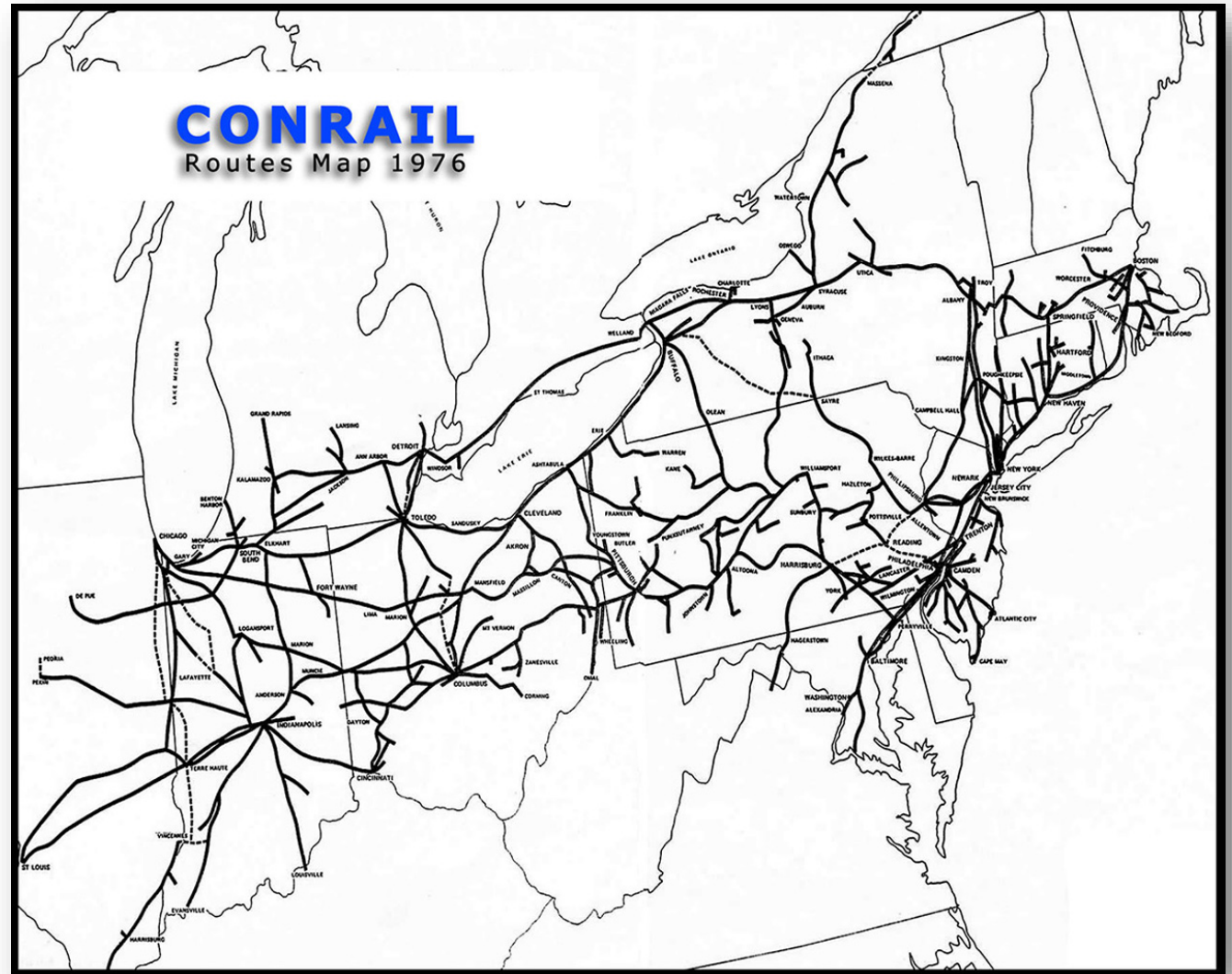
0 5 10 20 30 40 50 miles

© 2004, Kalmbach Publishing Co., TRAINS, Robert Wegner
This material may not be reproduced in any form without permission from the publisher
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.

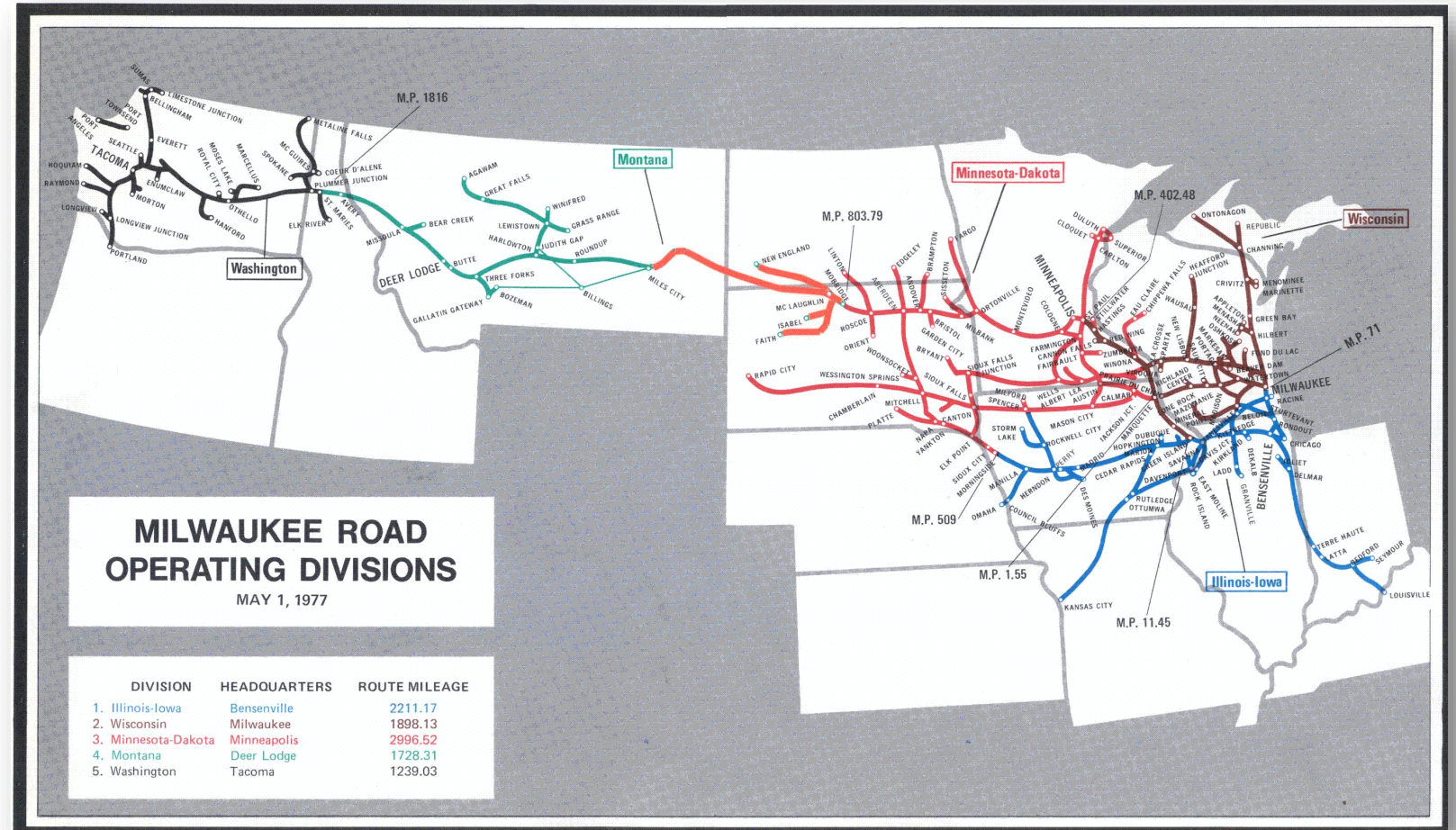
The Industry Hits Rock Bottom

- **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

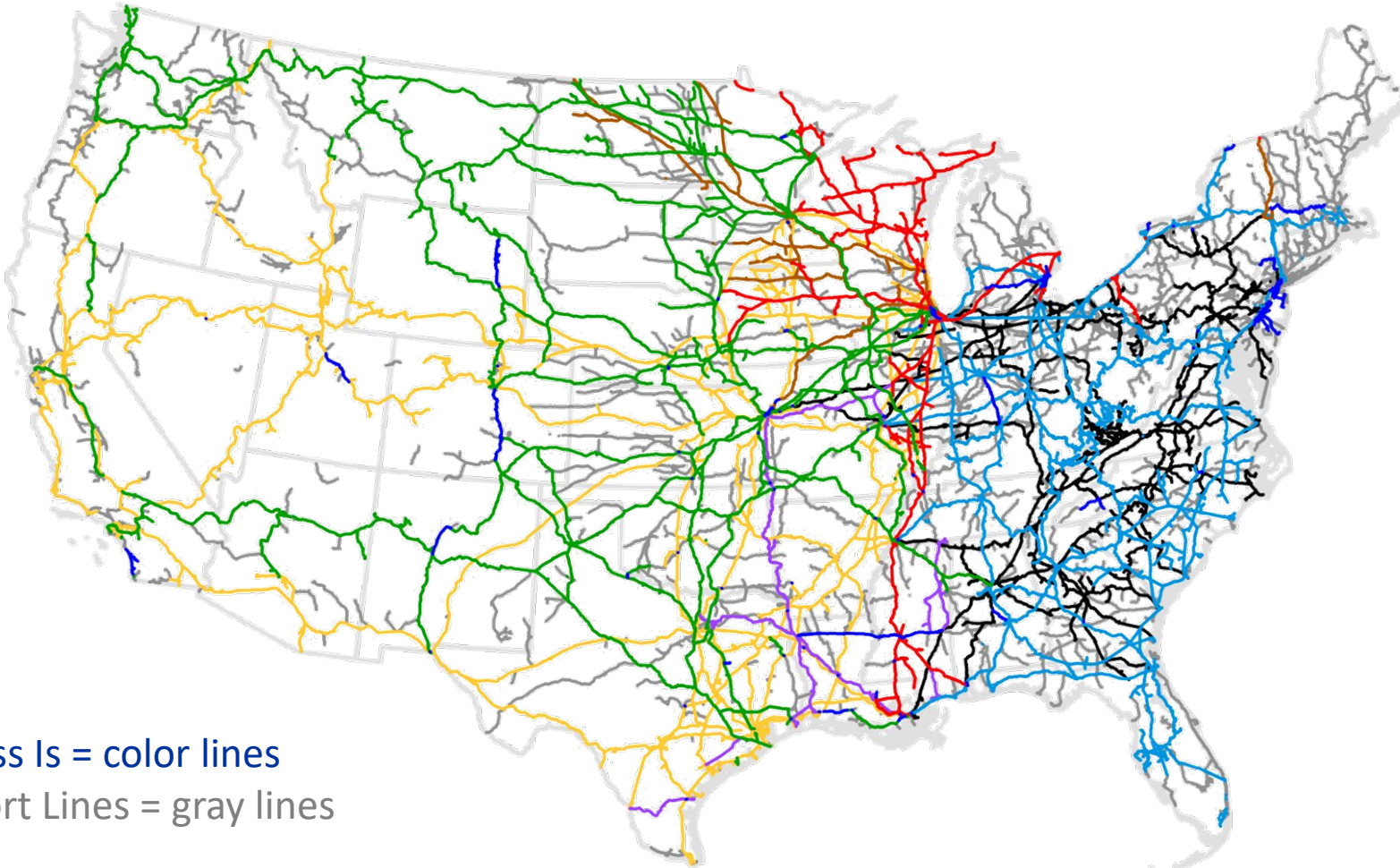


The “Northeast Railroad Problem” Reaches Seattle



Network Today:

- Class Is and Short Lines....
- Shaped by Markets...
- Enabled by Deregulation



Class Is = color lines

Short Lines = gray lines

The “Northeast Railroad Problem” Reaches Tucumcari, NM

- **1975** – Rock Island bankruptcy
- **1980** – Rock Island liquidation

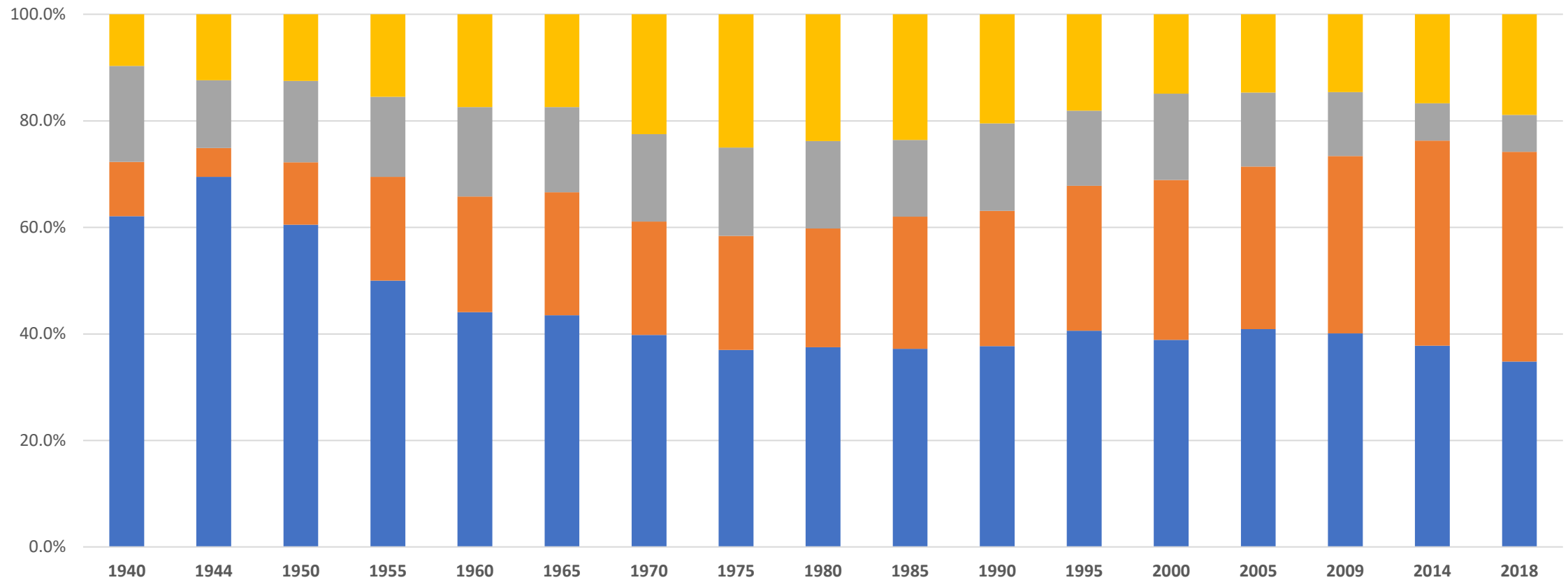


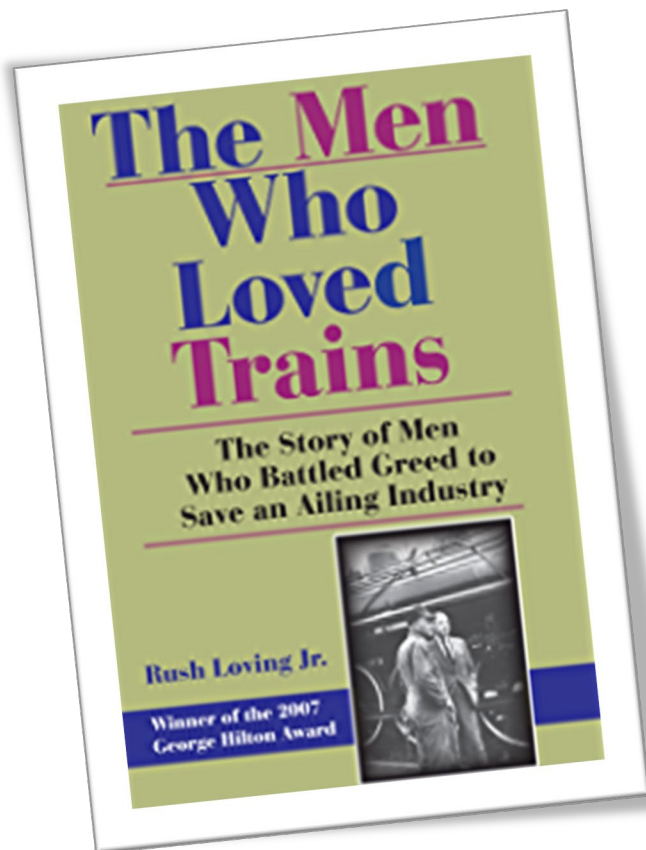
Industry Environment Since 1980

PROBLEMS	YEAR	SOLUTIONS
Passenger Losses	1971	Amtrak
Price Regulation	1980	Deregulation
Service Regulation	1980	Deregulation
Truck Competition	1980	Deregulation
De-Industrialization	Ongoing	Downsizing

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

Rail Truck Water Pipelines, etc.





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

**NEW YORK,
ONTARIO & WESTERN
RAILWAY
AND CONNECTIONS**

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

Ayn Rand, *Author*, “Atlas Shrugged”



- **Setting:** Taggart Transcontinental Railroad (modeled on NYC)
- **Themes:**
 - Capitalism
 - Regulation
 - Industry
 - Entrepreneurship



Atlas Shrugged & Me

Rock Island

1976 Prequel to liquidation ... and IAIS

Conrail

1978 Detroit ... reading *Atlas Shrugged*

1980 New York ... living *Atlas Shrugged*

1982 Philadelphia ... learning deregulation

RDC

1990s Latin America, Africa, Estonia — exporting Conrail



THE LEGACY



	CONCEPT	EXAMPLE	IMPACT
PINSLY	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

THE LEGACY



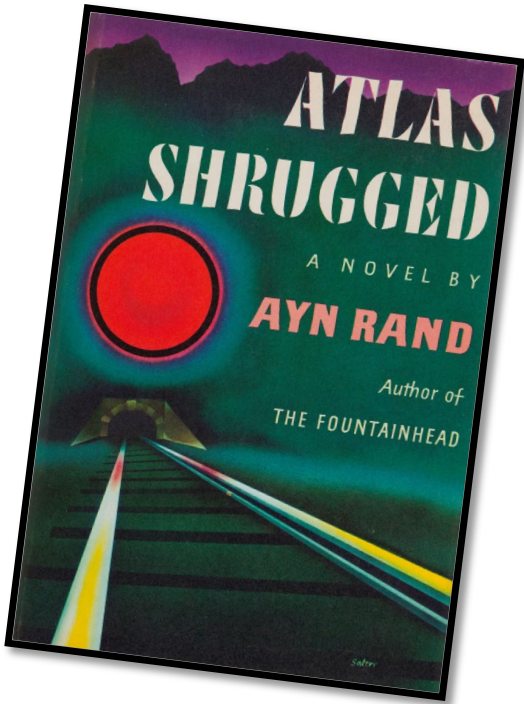
	CONCEPT	EXAMPLE	IMPACT
PERLMAN	Core networks	Technology	Centralized Traffic Control
	Marketing	Intermodal	Truck competitive



THE LEGACY



	CONCEPT	EXAMPLE	IMPACT
RAND	Capitalism	Every RR	Conrail Privatization
	Deregulation	Differential pricing	Interline pricing



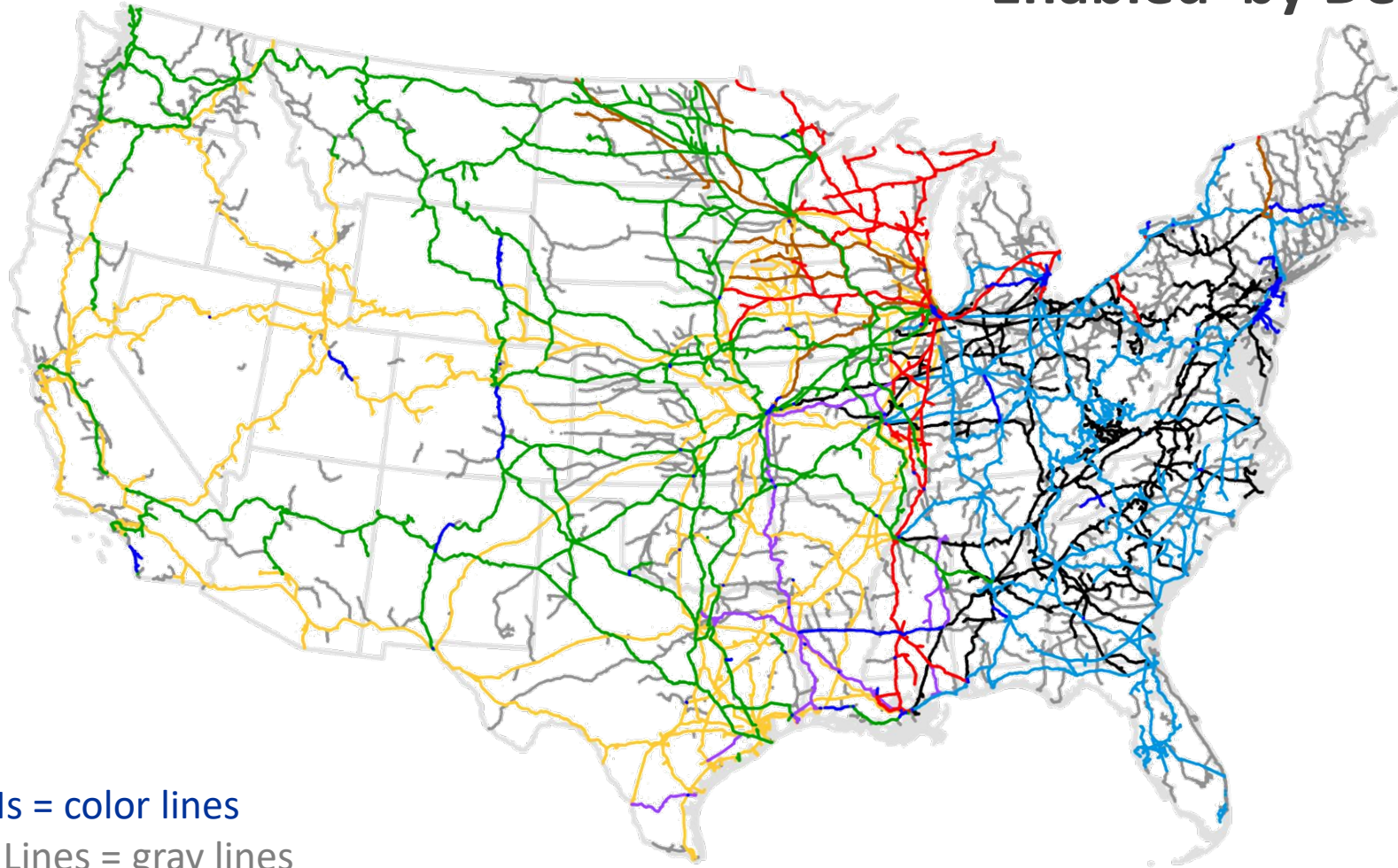
A Jewish Conspiracy? Probably Not!

<i>Personality</i>		Pinsly	Perlman	Rand	Brosnan
<i>Location</i>		Boston	New York	New York	Washington
<i>Time</i>	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 Is as of 1950)

Network Today:

- Class Is and Short Lines....
- Shaped by Markets...
- Enabled by Deregulation



Class Is = color lines

Short Lines = gray lines

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

Detective Joe Friday (“Dragnet”)



“Marijuana’s the flame,
Heroin’s the fuse,
LSD’s the bomb.”

FLAME...FUSE...BOMB

Detective Joe Friday (“Dragnet”)



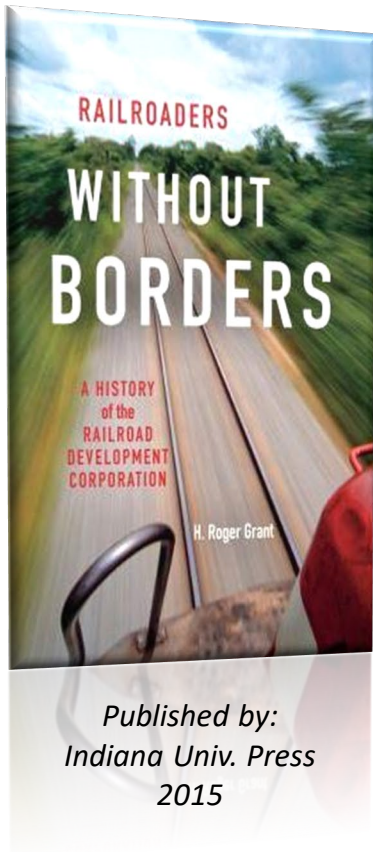
**“Marijuana’s the flame,
Heroin’s the fuse,
LSD’s the bomb.”**

FLAME...FUSE...BOMB

**“Rand’s the flame,
Perlman’s the fuse,
Pinsly’s the bomb.”**

CREDITS

- ***Pinsly Research***
 - Eric Bickleman & Cary Poole, Pinsly Railroad Company (*publication pending*)
 - John Levine
- ***Perlman Research***
 - Richard Tower
 - Stephen Spahn
 - Rush Loving, The Men Who Loved Trains
 - Paul Moore
 - Jay Ostrow
 - Monica Freed
- ***“Penn Central 1974”***
 - Steve Lubetkin
- ***Railroad Research***
 - John Gray
 - Bill Metzger
 - Lexington Group in Transportation History
 - TRAINS Magazine
 - “Rail Animal”, IAIS video
- ***Ayn Rand Research***
 - Jean Thompson
 - Mike Weinman



Railroaders Without Borders

**A History of the
Railroad Development Corporation**

*Prof. H. Roger Grant
Clemson University*

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.