

**Statement of the Honorable Corrine Brown, Chairwoman
Subcommittee on Railroads, Pipelines, and Hazardous Materials
Hearing on Investment in the Railroad Industry
March 5, 2008**

The Subcommittee on Railroads, Pipelines, and Hazardous Materials will come to order.

The Subcommittee is meeting today to hear testimony on Investment in the Railroad Industry.

Freight railroads play a critical role in our nation's economy, and their infrastructure provides vital commuter and passenger rail service throughout the country. They employ over 180,000 people and have spent \$10 billion over the last eight years to expand tracks and purchase rolling stock.

Freight railroads are also charged with transporting hazardous materials and carrying vital munitions and cargo for the U.S. military. Further, they are a key solution to improving the environment and dealing with the future growth expected throughout our transportation system.

I'm proud to say that CSX is headquartered in my hometown of Jacksonville, Florida. They employ over 5,000 people who play a vital role in the local and state economy. The company is also a great community partner, making numerous donations to local charities, and performing community service throughout the city.

Unfortunately, hedge funds and other short-term investors don't often have the long-term interests of

the rail industry in mind. Their demand for cuts in capital expenditures and large rate increases will only serve to slow capacity growth and hurt the industry and economy in the long run.

Because they can't relocate railroads to foreign countries for cheap labor, short-term investors will squeeze railroads for quick returns at the expense of the long-term health and competitiveness of the company and its employees'. A short-sighted money grab like this recalls memories of the actions leading up to the mortgage crisis we have today.

The Children's Investment Fund (TCI), who is testifying today, has been referred to as a "locust" by the German government and has met serious resistance from the Japanese government, where

they are trying to force higher energy prices on Japanese citizens through their partial ownership of J-Power.

In the past, Congress has acted to prevent foreign companies from managing U.S. port operations and owning U.S. airlines because they wanted to protect this critical infrastructure from potential harm. The nation's freight railroads are of critical importance to keeping America's economy moving, and this critical role could be crippled if unknown foreign ownership or short sighted investors took control of any of them.

I personally believe that unknown and unaccountable hedge funds owning or controlling freight railroads is something that should be

scrutinized by Congress and the federal agencies that have jurisdiction over these type of transactions.

I hope this hearing will be the first step in taking a closer look at the long term effects on the railroad industry and the economy as a whole when short term, quick-profit driven investors take over critical national infrastructure.

With that, I want to welcome today's panelists and thank them for joining us. I look forward to hearing their testimony.

Before I yield to Mr. Shuster, I ask that Members be given 14 days to revise and extend their remarks and to permit the submission of additional statements and materials by Members and witnesses.

Without objection, so ordered. I now yield to Mr. Shuster for his opening statement.