When all you can say is: Who is John Galt?

A recent profile of Alan Greenspan, Federal Reserve chairman, talked about his interest in Ayn Rand. Rand, an American author who lived from 1905-1982, had a philosophy of objectivism, which extended capitalism to the natural conclusion that selfishness was a virtue.

The story line of Rand's second novel, "Atlas Shrugged," is based on the experiences of fictional character Dagny Taggart, vice president of Taggart Transcontinental Railroad.

Taggart and other rugged individuals struggle to keep their businesses running in a decaying society that demands conformity and views selfishness — as evil.

The book's conclusion implies that when capitalism is thwarted, the system literally stops. As innovation slows, and infrastructure decays, the absurd statement "Who is John Galt?" follows all inquiries into how the situation degrades so dramatically.

As the North American railroad-industry activity swirls around Washington, the atmosphere seems almost ripe for someone to utter that cryptic phrase yet again.

Last month, the U.S. Court of Appeals for the District of Columbia granted expedited handling of the railroad-merger moratorium imposed on March 17 by the Surface Transportation Board. The court challenge was filed by Burlington Northern Santa Fe and Canadian National after the STB, as expected, denied the two railroads' request for a stay of the moratorium.

After much legal wrangling, oral arguments are scheduled for next month. For now, the legal activity is limited to filing briefs and responding.

Interveners such as the National Industrial Transportation League, can be expected to weigh in on all sides of the question.

Comments will be an extension of the STB hearings in March which practically constituted a Who's Who of the industry. Railroad executives, shippers, political operatives, and financial experts all testified.

In fact, had everyone who wished to testify been given the opportunity, the hearings very well might still be going on today.

At a recent conference organized by the financial community in New York, STB Chairman Linda Morgan again defended the merger moratorium.

Her position is that since recent mergers have had unfortunate results, it is important to review the integration process before a flurry of activity reduces the North American railroad network to just two systems.

While citing their belief that the STB lacked the statutory authority to impose the merger, BNSF and CSX have been making the case that their own recent mergers were relatively smooth and that they — and railroad customers — should not be punished for the mistakes and problems of others.

Looking at this case juxtaposed against other industry news produces a cloudy picture. The first question is how to link service and financial performance.

CN recently reported that trip plan compliance, measured in hours from shipper's dock to receiver's dock, was running at 93% to 94%. The implementation of a new operating plan over a year ago has helped, but this improvement in service cannot be easily quantified into rates.

Meanwhile, BNSF has announced guaranteed intermodal service in three key Chicago corridors. It will feature a price premium accompanied by a guaranteed service.

BNSF seems to aggressively address the range of issues implied by this challenge. Since its 1995 merger, BNSF has spent billions on new locomotives and capital programs with the goal of handling existing traffic better, and taking advantage of growth opportunities.

Simultaneously, BNSF also decided to buy back another 30 million shares — in addition to the 60 million shares previously authorized. To help fund the program, BNSF sold $500 million in debt during April.

Observers expect a ruling on the stay request by the end of June. While industry experts expect the ruling will go against the STB, nobody can describe what happens next. Shippers have often complained that the focus of railroads' senior management has been internal rather than external.

Nobody can deny that the focus is now external — it's just not on the customers.

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