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Minneapolis Star/Tribune
August 7, 1982

Railroad can accept late payment from Wirth

The Milwaukee Road was told Friday that it could accept a late payment of \$350,000 in cash from developer Harry Wirth.

The decision, by U.S. District Judge Thomas McMillen in Chicago, allows Wirth to retain his right to buy the railroad's 15.5-acre depot site in downtown Minneapolis until at least Sept. 13.

The cash deposit, which is in addition to \$1.35 million Wirth already has paid the railroad, was transferred to the railroad's Chicago headquarters five days after it was due because of an apparent mix-up in bank transferring procedures.

Wirth appeared in court Friday and told the judge he would complete the purchase of the Minneapolis depot property by Sept. 13, according to Larry Adelson, an attorney for the trustees of the bankrupt railroad.

In addition to the nonrefundable deposits he already has made, Wirth owes the railroad \$7.3 million in cash for the site. He has declined to identify the California investor he is working with.

Wirth, a California real-estate investor with property interests in northern Wisconsin and Upper Michigan, won the right to buy the depot property last November with a cash offer of \$9.5 million.

Green Bay Press Gazette

August 7, 1982

Cross-lake transit conference topic

A two-day conference to explore the needs of a cross-lake transportation system will be held at the Howard Johnson Inn, De Pere, Sept. 30 and Oct. 1.

Plans for the program were outlined to members of the Lake Michigan Transportation committee of the Bay-Lake Regional Planning Commission Wednesday.

Tom Klimek of the Bay-Lake staff, said the conference will center on the potential effects of deregulation on cross-lake trans-

portation, the status of present cross-lake service and alternatives to the system.

Klimek said he is working with representatives of the state Department of Transportation at Madison to develop speakers.

It is expected that both Wisconsin and Michigan state officials will participate, along with representatives of business and industry that use the cross-

lake route for the shipment of goods.

Ralph Bergman, executive director of Bay-Lake, said the conference could define the issues and needs of Wisconsin shippers for continued Lake Michigan service.

Problems have arisen in recent months with the halt of service provided by the Ann Arbor Railroad between Frankfort, Mich., and Kewaunee. The only cross-lake service now in operation is via the Chesapeake and Ohio Railroad between Ludington and Kewaunee.

August 11 1982

Some backpay for Milwaukee Roaders

There's good news for employees of the bankrupt Milwaukee Road. The U.S. district court overseeing the company's reorganization has authorized bankruptcy trustee Richard B. Ogilvie to pay some \$20.4 million in backpay for the years 1978, 1979, 1981 and 1982.

The back wages are based upon collective bargaining agreements which were approved by the court but under which payment of certain increases was deferred because of a lack of money.

The money for the payment of the wage claims will come from the Milwaukee Land Co. which now holds about \$129 million in interest-bearing investments.

In approving Ogilvie's request for authority to issue the back pay, a request which had been supported by the Railway Labor Executives Association, District Court Judge Thomas McMillan overruled objections from organizations which are owed money by the bankrupt carrier. They objected because the railroad is still losing a substantial amount of money and because the rights of other priority creditors

might be impaired by the payment of back wages.

Meanwhile, the U.S. district court controlling the reorganization in bankruptcy of the Milwaukee Road has overruled arguments by the United Transportation Union and the Railway Labor Executives Association about the funding of a UTU crew reduction agreement on the carrier.

Rail labor had contended that the agreement should be financed and paid for as an expense of reorganization. Bankruptcy Trustee Richard B. Ogilvie, on the other hand, wanted to take the money from the \$75 million provided for employee protection under the Milwaukee Railroad Restructuring Act. About \$14 million is involved.

The UTU and RLEA told the court the crew reduction agreement was really a work-rule change and not a restructuring transaction as spelled out in the Act. However, Judge Thomas McMillan ruled that "it is apparent from the face of the agreement that it was executed for the purpose of restructuring and reorganizing the railroad."

Green Bay Press Gazette
August 6, 1982

Michigan delays ferry decision

LANSING, Mich. (AP) — Action on a proposal to resume ferry service on Lake Michigan between Wisconsin and Michigan has been delayed by the state Transportation Commission.

The commission called off a meeting scheduled for today on a plan by former railroad employees to take over the ferry service, when state officials discovered problems in the proposal, said spokesman Tom Shawver. "They're still working on it," he said.

The service was halted as part of a subsidy dispute with the Michigan Interstate Railway Co., which had operated Lake Michigan ferries for the state since 1977. Local government officials, railroad employees and

business leaders had pressed for resumption of the service, however.

They argued that the ferries were critical to carry railroad cars of Michigan grain, lumber and manufactured goods to northern and western markets and ensure an expansion of Michigan's economy.

The workers, laid off their jobs in April when ferry runs ended between Frankfort and Kewaunee, Wis., had pleaded with the commission last week to let them resume the service.

They had asked for a \$47,000 state subsidy to operate one ferry boat during August and September. The state previously paid \$250,000 a month to operate

two ferry boats until it eliminated the subsidy this spring because of a lack of money.

The commission ordered the Department of Transportation to study the proposal's feasibility and negotiate new contract terms with the 100 workers.

But the DOT's analysis discovered that the employees "considerably underestimated the operating costs of the ferry," Shawver said. The workers failed to take into account costs of shore crews, insurance, a ferry commissary and maintenance, he said.

The employees, including a ferryboat captain, are still "hoping to come back with a fresh proposal," despite the

cancellation of today's meeting, he said.

The commission remains ready to call a special session should the department and the employees reach agreement to resume Michigan-Wisconsin ferry service, Shawver said.

At a meeting in Kewaunee last week, the employees said it was critical that the ferry be placed back in operation this month to maintain present cross-lake freight rates.

The group was advised by representatives of the Green Bay & Western Railroad, which has offered administration help to the group, that freight rates could be preserved only for another 30 days.

Fare cut ahead for Milwaukee Road

by Joann Van Wye

Herald staff writer

Milwaukee Road commuters can expect a 15 percent rollback in fares under a Regional Transportation plan to take over operation of the bankrupt railroad's two commuter lines by Oct. 1.

RTA officials had hoped to begin operating the commuter services in early September but were forced to push back the date because of problems in scheduling the necessary court hearings.

U.S. District Court Judge Thomas McMillen, who is overseeing the reorganization of the bankrupt Milwaukee Road, must approve transfer of commuter operations to the RTA.

McMillen, who has repeatedly warned that the continued drain of the

commuter service on the rest of the railroad was not acceptable, Friday set a Sept. 13 hearing on the proposed transfer of commuter operations.

"I WOULD LIKE to see it done by Sept. 1, but we have to give everyone a chance to be heard," McMillen told officials of the RTA and Milwaukee Road. "I would hope and even expect there is not going to be any opposition."

For the 15,000 weekday commuters who ride the Milwaukee Road, the takeover by the RTA will mean a drop in fares. Milwaukee Road commuters have been paying the highest fares in the area since July of 1981 when it broke from the RTA's jurisdiction and increased fares 75 percent while the six other commuter lines increased fares less than 60 percent.

The rollback will reduce the cost of a monthly pass from Roselle to Chica-

go from \$106.50 to \$90.45. Commuters from Hanover Park and Bartlett would see the cost of a monthly pass drop from \$118.25 to \$99.90.

However, it is uncertain whether the RTA will institute service cutback as it did on other commuter lines last year. The Milwaukee Road was the only line that did not reduce service as part of a cost savings move by the RTA. Officials have refused to comment on whether the same level of service will be maintained except to say they will keep the trains running.

RTA Chairman Lewis Hill estimated it will cost the RTA about \$1 million a month to operate the Milwaukee Road's commuter service. The Milwaukee Road estimates it is losing \$750,000 a month on the commuter operations at the same time that freight operations are finally showing a profit.

RTA AND MILWAUKEE Road officials must file the proposed agreement for the takeover of commuter operations in federal court by Aug. 20. "There are still some minor points that have to be hammered out, but this is a schedule we think we can live with," said William Bickley, director of corporate communications for the Milwaukee Road.

The final agreements between the Milwaukee Road and RTA will include:

- Granting the RTA track rights between Chicago and Fox Lake and Chicago and Alton.
- A lease of the Western Avenue, Fox Lake and Elgin coach yards and other Milwaukee Road properties.
- Transfer of equipment, facilities and employees.

AUG 6 1982

Journal of Commerce
August 4, 1982
Excerpt

Extension in Rail Dispute

By GREG STOREY
Journal of Commerce Staff

A presidential emergency board has received an extension in the time it has been given to investigate the stalled contract talks between the nation's railroads and one union, according to a Department of Transportation spokesman.

But the 10-day extension only means that the 60-day cooling-off period for that union, the Brotherhood of Locomotive Engineers, will run out about Sept. 20, not long before a similar period runs out for the United Transportation Union.

New Freight Train Routing Introduced

Journal of Commerce Staff

Grand Trunk Corp. and the Milwaukee Road said they have introduced daily expedited freight train routing that cuts transit time to major gateways by periods of from 32 hours to two days.

Gateways affected are Chicago, Kansas City, Louisville, Minneapolis-St. Paul, Cincinnati, Toledo, Detroit and Port Huron, Mich.

Officials said the move resulted from federal-court approval of an agreement to coordinate services. Grand Trunk has proposed buying the Milwaukee Road, which is reorganizing from bankruptcy.

North-south transit time has been cut by operating run-through trains over 518 miles between Winnipeg, Canada and Minneapolis via Canadian National Railway and the Duluth, Winnipeg & Pacific, officials said.

East-west transit time has been improved by expedited daily freight service over 340 miles of Grand Trunk trackage between Chicago and Port Huron.

Some rail spur tracks scheduled for removal

By DEWEY PFISTER
Herald Staff

MERRILL — At least portions of unused Milwaukee Road spur tracks will be removed next spring, it was revealed Thursday during state Transportation Commission hearings here.

The Merrill Area Development Corp. would like to see all or at least some of the unused spur tracks (sidings) remain to help industrial development efforts, railroad officials and the commission examiner were told.

Hearings have been held on railroad applications to remove unused spur tracks. Last month, the examiner was told the railroad desires to avoid the approximate \$17,350 expense of replacing turnouts (switches) on the main line if the spurs are not used.

A \$6 million rehabilitation of Milwaukee Road trackage between Wausau and Tomahawk is now under way. Not replacing about 10 turnouts will make \$165,000 available for needed additional ballast on the main line, Lawrence Carroll, the project manager, said last month.

Carroll said he anticipates the railroad will seek bids next spring for removal of unused spur tracks on its property. The railroad expects the salvage value of rail will produce revenue, he said.

He said rail would be removed only on railroad property leading from the main line track. In some cases, the spur sidings are entirely on railroad property.

"We would like to see at least three spurs saved because they have future use possibilities," said Charles Pierotti, secretary-treasurer of the non-profit citizen industrial development organization.

He said the properties with sidings which have the most potential for future use are those serving the former Anson & Gilkey Co., the former Wis-Win Building Components building on the Wisconsin Window Unit Co. grounds, and the lengthy siding extending past the former Wood Chip Corporation of America property, Semco plant and former House of Merrill plant to Wausau Lumber Sales Co.

The latter siding of 3,154 feet includes 1,695 feet on railroad property, which Carroll said the railroad would probably sell after selling the rails for salvage.

Carroll said many of the unused spurs proposed for removal cannot be safely used.

The Merrill Area Development Corp. representative acknowledged that business and shipping activity is now slow but said some Antigo rail users will be needing rail access because of the loss of Chicago and North Western Railway service.

He said the task of attracting new industry or expansions of existing businesses is made easier when sites or buildings with rail access are available.

Carroll and Gene Porter, the railroad's district sales manager, testified that "team tracks" are available at several locations in the city. These spurs are used to place rail cars for loading or unloading by customers who don't have direct access to a siding.

Examiner Donald Foellmi said Thursday that transcripts of testimony at July 13 hearings have not yet been prepared. He expects it will be late fall before he will rule on all the railroad spur abandonment requests.

Chicago Tribune
August 12, 1982

Canada sets July jobless record

THE NUMBER OF CANADA'S unemployed citizens climbed to a record 1.4 million people in July, pushing the seasonally adjusted jobless rate to a post-Depression high of 11.8 percent, according to Statistics Canada. The number of jobless is up 66 percent from last year and the unemployment rate is up almost a full percentage point from 10.9 percent in June, the federal agency said. It was the 11th consecutive month that the employment rate has declined. The loss of another 30,000 jobs last month leaves the seasonally adjusted employment level down 3.7 percent since the decline began. The federal agency also reported that Canada exported a record \$2 billion more in goods in June than it imported. "This brings the merchandise trade surplus for the first half of 1982 to \$8.2 billion, which is \$850 million higher than the \$7.4 billion surplus posted for the whole of 1981 and very close to the record annual surplus of \$8.5 billion for 1980," the agency said.

Associated Press

Lawmaker Keeps Watch On Rail Holding Firms

By HELEN ERICSON
Journal of Commerce Staff

WASHINGTON — History makes clear that holding companies have allowed railroad subsidiaries to deteriorate and Rep. Pat Williams, D-Mont., is keeping a close watch on Burlington Northern Inc., which operates the major freight railroad in his state.

In an interview, the congressman related his suspicions about the real story behind the 1977 bankruptcy of BN's competitor, the Milwaukee Road, and subsequent abandonment of Milwaukee's western trackage.

"I don't want the holding company cannibalizing the railroad," Rep. Williams stated. "I think that happened in the case of Milwaukee."

The Justice Department recently ended an investigation into allegations by the State of Montana that the Burlington Northern railroad violated antitrust laws by competing unfairly against Milwaukee Road. No evidence against BN was found.

But "Milwaukee Road officials were determined to end the life of the railroad," Rep. Williams insisted, "because to continue the railroad took considerable effort and considerable money and that (Milwaukee's deterioration) benefited BN too."

Asked about charges that Milwaukee and BN officials worked together toward Milwaukee's bankruptcy, he said: "So far as collusion is concerned, we heard the shots but we could never find the smoking gun."

Yet Rep. Williams has found no evidence that BN Inc. is allowing its railroads to fall apart. And BN has testified on Capitol Hill that it has no such plans.

At the same time, conversations Rep. Williams has had with officials of some of BN's subsidiaries (which include coal, oil, gas, timber, air freight forwarding and trucking) indicate a different approach.

"I've had people who work in the subsidiaries . . . tell me that they don't want a bad railroad dragging down a good timber or mining company.

"They forget, for example, in the instance of the mining company (Meridian Land and Mineral Co.) that the railroad gave them \$4 million at the end of last year to continue operating," Rep. Williams added.

However, he continued, "I'm willing to take the Burlington Northern at its word while keeping both eyes on them."

The Montana congressman is also

concerned that a proposal by BN to exchange a piece of its coal property for an equally sized tract of federal coal indicates the start of a national trend.

The exchange, now being considered by the Interior Department, would allow Meridian Land and Mineral Co. to break the alternate rail-federal coal ownership pattern and open a strip mine near Circle, Mont.

Rep. Williams said indications are that the agency will approve the BN proposal. The Government Accounting Office has granted his request that it issue a report before Interior's final decision.

BN's proposal would allow it to circumvent section 2(c) of the Mineral Lands Leasing Act of 1920 which prohibits railroads and subsidiaries from leasing federal coal. Western railroads are lobbying Congress to lift the prohibition.

"We're now at a point in American history where the railroads and the holding companies are going to begin, because of the coal rush, to ask that they be traded out for new coal lands," the congressman maintained.

"And if those trades are granted and if in conjunction with that we have actions such as the repeal of 2(c) and the allowance for companies to mine coal on their land grants, then at that point I think we need a legislative remedy."

"It's going to be a knotty legal problem," Rep. Williams acknowledged.

He would like to include a requirement that holding companies return a certain percentage of coal profits to railroad subsidiaries. The legislation should also include a definition of the responsibilities of land grant railroads, he said.

"Ten percent of America was given to the railroads. That's a big chunk of America," Rep. Williams concluded.

Santa Fe to cut spending 30%

SANTA FE Industries expects to cut capital spending more than 30 percent this year, president John J. Schmidt told analysts Wednesday.

The company plans to spend about \$400 million this year on capital projects, down from the previously announced program of \$593 million. Last year, the company spent \$564 million on capital projects.

The Santa Fe Railway unit will spend \$120 million, down from a previously planned \$271 million. The railway's equipment program has been deferred except for building 100 locomotives in its own facilities.

Schmidt said the capital spending cutbacks at the Santa Fe Railway were in addition to "the most strenuous expense control program instituted on the railway in recent years."

"AT THE PRESENT TIME we have about 360 locomotives out of active service out of our fleet of about 2,000 locomotives," he said. Santa Fe foresees no substantial increase in rail business in the second half of the year, he added.

Capital spending for petroleum operations was cut to \$235 million from \$261 million previously planned.

"We expect continued strong performance from our petroleum operations, assuming no further declines in crude oil prices, which we recognize are dependent on action by the OPEC nations," Schmidt said.

Schmidt declined to estimate profits for the year. In the first six months, net income dropped 25 percent from the year-earlier period.

Railroading in Iowa

Dave Rasdal
Eastern Iowa
reporter

IDOT report says trains are shorter, heavier

You wait for long trains at railroad crossings and you know they haul grain and coal and food and new cars. They even haul fully loaded truck trailers.

But how much do you really know about railroads in Iowa? Could you strike up an intelligent conversation with a retired conductor? Or name the railroad company that operates the most miles of track in the state?

The rail division of the Iowa Department of Transportation last week released the "1982 Iowa Railroad Analysis Update," which is filled with facts about railroading in Iowa.

For instance, did you know that railroads hauled nearly 50 million tons of freight either to or from a destination in Iowa in 1981? And another 80 million tons traveled through the state. That's about 130 million tons of goods on Iowa's rails.

And in the last 10 years the number of tons on each car has increased. In 1971 the average carload carried just over 50 tons. Today the average load car carries more than 75 tons of freight.

All this weight travels over Iowa's 5,800 miles of railroad tracks and past 9,502 railroad-highway crossings. That's right, if you traveled over every mile of Iowa's 112,300 miles of roads, you could end up having to stop for 9,502 trains.

But don't despair. There are not that many trains traveling in Iowa at the same time, and it's unlikely you'd have to stop at each crossing. It's also unlikely you'd drive over every roadway in the state or ride over all the rails.

IOWA'S RAIL NETWORK peaked in 1914 at 10,019 miles. At that time, almost everyone in the state lived within seven miles of a railroad line.

Today, Iowa has 5,800 miles of railway. (In 1880, Iowa had 5,400 miles of track.) In just the last 2½ years 1,473 miles have been abandoned. But the volume of tonnage hauled on these lines has continued to increase.

There were 16.8 million tons of goods shipped into Iowa and there were 25.2 million tons shipped out of the state in 1980. More than 57 percent of the shipments to Iowa in 1980 were coal and, not surprisingly, more than 85 percent of the goods shipped from Iowa were agricultural commodities and food.

Speaking of rails, did you know that Iowa has just one stretch of track that is rated to carry trains up to a speed of 110 mph? That track is the Atchison, Topeka and Santa Fe line through Fort Madison.

But slow down. The average speed of a freight train in the United States in 1980 was 18.3 mph. In Iowa about one-third of the rail system operated at less than 10 mph and another one-fifth of the system was at 10 to 25 mph.

While you sit at that railroad crossing, waiting for the train to pass, there are other things to think about.

For instance, trains are getting shorter and heavier. The average freight train in 1980 was 68 cars, down from 69.5 cars a decade ago. And the

average weight was 2,200 tons, an increase of 19 percent in weight.

AND TRAFFIC ACCIDENTS at Iowa crossings? They've decreased in the past 13 years.

In 1969 there were 400 accidents (37 fatalities) and in 1981 there were 218 accidents (11 fatalities). Since 1969 more than \$5 million has been spent for safety at these crossings.

Since 1981 speakers from the Iowa Operations Lifesaver program have informed citizens about safety at railroad crossings. Groups wishing to hear a presentation can call the Iowa Department of Transportation Office of Safety Programs at 515-281-8478.

While counting the cars, you might be surprised to see a lot of truck trailers on railroad cars. What are they hauling?

How about mail, appliances, printed materials, meat, agricultural implement parts and wood products. These truck trailers on flat railroad cars accounted for 8 percent of the rail movements in 1980. You see, it's cheaper to haul the whole truck trailer than it is to load and unload it.

And when the train has gone past, you and your car will undoubtedly go slowly across the tracks because most of them are rough. But since 1976 a railroad program has helped fix 950 of these crossings and more are being fixed all the time.

So now, as you go on your way, you know a little bit more about railroads.

Oh, by the way, the Chicago & North Western Transportation Company operates the most trackage in Iowa — 2,484 miles as of last January. That is 48 percent of Iowa's rail lines in operation and 30 percent of the company's system.

Transportation programs need more funds

MADISON (AP) — Considering anticipated inflation and past commitments, \$50 million in new revenues will be needed each year to finance future transportation programs in Wisconsin, a special committee for Gov. Lee S. Dreyfus said.

While some reductions can be made in the program, current and emerging transportation needs could force expansion, the committee said in its initial statement.

The present budget, which provides \$616 million, must serve several programs adopted since 1973, including transit aids, rail preservation, special transportation and harbors, and bridge replacement. These new programs make up 10 percent of the 1983 budget that went into effect July 1, the committee said.

In addition, the committee said, debt service has doubled in the last 10 years

and state highway maintenance requires 10 percent more money.

Consequently, "the real buying power" of the dollar has dropped, the committee said.

The committee said it will consider many policy issues including: the share of personal income to be devoted to transportation taxes, the relation of Wisconsin taxes to those in

other states, acceptable tax burdens to different highway users, alternate revenue sources, the transfer of sales tax on motor vehicles sales to the transportation fund, optional local user fees and toll roads.

Also, the committee wants to study the possibility of retaining a larger portion of Wisconsin user fees currently going into the federal highway trust fund.

Department planner

Mark J. Wolfgram told the committee about two revenue alternatives — a motor fuel tax indexed to fuel prices, and another indexed to the trends in motor fuel consumption and highway maintenance costs.

CP Rail subject to 6% limits

OTTAWA (CP) — Employees of CP Rail and other private rail companies, who bargain jointly with workers at Crown-owned Canadian National, will be subject to the same mandatory 6- and 5-per-cent wage guidelines, Treasury Board President Donald Johnston said yesterday.

Johnston, appearing before the Commons miscellaneous committee, was unveiling proposed amendments to the government's public-service wage-control bill.

The railway workers — at CP

Rail, Ontario Northland Railway, Toronto Terminals Railway and Shawinigan Falls Railway — will be the first private-sector employees subject to wage controls. Some Opposition members have charged the government's voluntary restraints are a first step towards mandatory controls, as in the public sector.

Johnston also revealed public-service unions will be allowed to bargain on non-monetary issues during the two years when wage increases will be controlled.

Referring to the government's threat to withhold grants or contracts from companies which don't toe the 6-per-cent line this year, Opposition Leader Joe Clark charged the government's restraint program is becoming "less and less voluntary."

Johnston disagreed, arguing companies aren't obliged to ask for federal aid if they don't want to toe the line.

In the Commons, Finance Minister Allan MacEachen confirmed the government intends to use federal aid and contracts

as a lever to win private-sector support for its campaign.

MacEachen said cabinet is working on guidelines to spell out this policy but would not promise they will be published.

Keeping them secret would be "verging on the criminal," Clark charged.

Clark said it was "grand abuse" to use public money to reinforce a policy not set down in law and to attach secret conditions to grants, subsidies and aid worth billions of dollars each year, Clark said.

"Today the hidden condition is adherence to the six-and-five rule," he told reporters. "Tomorrow it could be anything. It could be support for the Liberal party."

Meanwhile, Housing Minister Paul Cosgrove said he will ask the cabinet to allow rent increases of more than 6 per cent this year for "some" housing units under federal jurisdiction.

He did not know how many of the Canada Mortgage and Housing Corp.'s approximately 20,000 units would be exempted.

U.S.-Canadian Relations Worsen Seriously on Range of Issues

By Merrill Brown
Washington Post Staff Writer

OTTAWA—Relations between Washington and the government here, seldom perfect, are in disrepair. On a variety of energy, environmental, economic and trade issues, an ideological war of words between the two governments has made the 450 air miles that separate the two cities seem like a continent.

Although President Reagan, since taking office last year, has met with Prime Minister Pierre Trudeau more often than with any other head of state, what has emerged from those meetings and other exchanges between the governments is an unprecedented degree of acrimony, much of it private, but some of it spilling into public hostility. "By any measure, relations have never been worse," said a Canadian official.

In that environment Mark MacGuigan, Canada's Secretary of State for External Affairs, will meet with his counterpart George Shultz in Washington Tuesday in what a Canadian spokesman called a "get acquainted" meeting. MacGuigan, who asked for the session, will discuss the "rather bleak" state of Canadian-U.S. relations, focusing on a laundry list of outstanding problems, the official said.

From the Canadian side, the most recent example of the ideological gap between the two governments is the administration's ban on its allies' use of U.S. technology to build the Soviet gas pipeline, which confirms the fear here that Washington is willing to use economic and trade threats to impose its view of the world on other nations.

The direct economic impact of the pipeline decision for Canada is negligible, but no other country is more vulnerable to such actions, officials here say. Canada is the United States' leading trading partner, and the two nations had about \$10 billion in two-way trade in 1980.

"I think that suddenly the Europeans have realized how serious a situation is when a country as powerful as the United States can impose the application of its laws, especially in the economic field, on other countries," Trudeau said at a press conference July 9.

"Now perhaps they will understand a bit better that a country

which is economically dominated, as Canada is, has a right to attenuate the effects of that economic domination," the prime minister said.

On issue after issue the Canadian government and others here who share the commitment to the "Canadianization" program—the effort to increase rapidly Canada's control over its resources—think the Reagan administration barely recognizes this nation's sovereignty. "They treated our oil program as if it were California pulling away from the States," said an Ottawa official.

"Canadians are being given a feeling that the Reagan administration doesn't respect Canada's right to pursue its own interests," said George Radwanski, editor in chief of The Toronto Star. "The Reagan administration has already done more to imperil the traditional good feeling between Canada and the United States than certainly any other recent American government."

In addition to the set of "Canadianization" issues, Ottawa has repeatedly expressed frustration with the administration's failure to address environmental consequences of acid rain and a series of other air and water pollution problems.

Acid rain—caused when air pollutants, apparently from coal-burning plants, combine with water in the atmosphere and fall as rain carrying nitric and sulfuric acid—has polluted a quarter of Canada's lakes, government officials say. Not only has the U.S. administration done little about the issue, but budgets for Great Lakes environmental studies have been cut.

Ottawa's unhappiness with high U.S. interest rates, which Canada's delegation to the Versailles summit made its only issue, has added to the clamor.

"We complained as loud as we could," said Finance Minister Allan MacEachen. Asked whether the pitch was successful, MacEachen gave a statesman's answer: only if U.S. interest rates had come down "the day after the summit" could the parlay have been instantly labeled "a resounding success," MacEachen said. "I think the president was listening."

From the Washington side, the tension stems, in essence, from the Trudeau government's support for economic interventionism and its accompanying commitment to nationalistic policies toward new and old foreign investors through the National Energy Program (NEP) and the Foreign Investment Advisory Agency (FIRA).

Earlier this year, U.S. Trade Representative William Brock called Canada a "developing country," and U.S. Ambassador to Canada Paul Robinson has repeatedly criticized the Trudeau government's spending policies.

The U.S. oil industry has found a sympathetic ear in Washington to the charge that the NEP, through heavy taxes on foreign companies and in particular a plan that calls for the Canadian government to be given a 25 percent interest in newly discovered petroleum reserves on federal lands, takes away the incentives to expand plans for exploration in Canada.

Through "buy backs" of foreign interests, the program has a goal of reducing foreign ownership of Canada's energy resources from about two-thirds to 50 percent, cutting both dependence on foreign oil and overall consumption.

Continued

The FIRA program, now almost eight years old, is designed more broadly to encourage foreign investors and particularly U.S. companies to spend more money in Canada than just the cost of a factory or other investment. Under FIRA, U.S. companies seeking to invest in Canada are urged to hire Canadian firms to print their annual reports, handle their advertising programs or perform other services. Officials here defensively explain that the program is basically a negotiating tool, and permission to build plants or other investment proposals are granted routinely, particularly for small businesses.

"Canada and Canadians have always welcomed foreign partnership and foreign investment," Ambassador to the United States Allan Gottlieb said in a speech several months ago. "We shall continue to do so. We need them both."

But with U.S. concerns owning a third of the 100 largest companies in Canada, outside ownership is a real and visible economic and political issue. "Mutual dependency can mean mutual vulnerability," Gottlieb also said recently.

Adding to the tension is the concern expressed by Canadian officials

in Washington and Ottawa that Congress too is in a feisty mood about a variety of issues that affect Canadian interests.

Last month, for example, the Canadian government took the unprecedented step of asking President Reagan to veto legislation passed 85 to 10 by the Senate that would implement a two-year moratorium on licenses for Canadian trucking firms. The House has yet to act on the measure. Trucking firms in the United States allege that they are discriminated against by Canadian officials, who deny the charge.

"Some Canadian interests have become pawns in the election campaigns of several members of Congress," Gottlieb has complained.

Clearly, the Reagan administration's emphasis on cutting the federal role in domestic affairs, its reliance on free market economics and dependence on private sector initiative run counter to the outlook of many Canadians. Canadians get virtually free health care from their government, which also operates either on the federal or provincial levels most airlines, railroads and public utilities.

Though Canadians expect a lot from government, the Canadian public at large, and business officials in particular, speak well of the American private sector. And, despite the yelling at Versailles, it is difficult for officials here to blame their economic woes solely on the Reagan administration. The two economies, and thus the two peoples, are irrevocably tied together, and therefore trade and defense commitments stabilize the Canadian-U.S. links even during tense periods.

"There will always be irritants," MacEachen said. "The job is to manage them as well as possible."

Des Moines Register
August 9, 1982

Taken for granted

Many Americans take Canada for granted, like sunshine and rain. They often think of it as the country of the red-coated Mounties who always get their man, as the "Gentle Giant to the North," hardly ever as a foreign country, much less as a problem.

The reality has always been different, and never more so than now. According to one Canadian official, quoted recently by the Washington Post, "By any measure, relations (between the United States and Canada) have never been worse." A more specific charge was placed by George Radwanski, editor in chief of the Toronto Star: "The Reagan administration has already done more to imperil the traditional good feeling between Canada and the United States than certainly any other recent American government."

The grievances voiced by many European allies are heard also in Canada: Canadians are angry about the American ban on

its allies' use of U.S. technology to build a natural-gas pipeline from the Soviet Union to Western Europe. They are upset about sky-high interest rates in the United States, which drive Canadian dollars out of the country.

There are special problems, like acid rain and the Canadian government's attempt to exert greater control over investment from foreign countries, including the dominant economic power of the United States.

The State Department is preoccupied with the crisis in Lebanon. That, of course, is where the greatest concern should be directed. Still, the State Department ought to be able to do more than one thing at a time, and part of its time and energy ought to be devoted to understanding and dealing with the grievances of its next-door neighbor. Neglecting these problems will surely make them worse.

Chicago Tribune
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Missourians strike gold in Illinois court

By Daniel Egler

Chicago Tribune Press Service

SPRINGFIELD—The newest Missouri millionaires are making their money through a court case in Illinois stemming from a train derailment that spilled thousands of gallons of a potent chemical in north-central Missouri.

Forty-seven rail workers have sued the Norfolk & Western Railway Co. for damages, saying they suffered health problems from the spill. The 47 were forced to go "sloshing around in a toxic soup," one toxicologist testified.

Richard Lowe, Columbia, Mo., was the first to be awarded more than \$1 million as a settlement from the accident, which dumped about 20,000 gallons of ortho-chlorophenol from a tank car and caused evacuation of the 800 residents of Sturgeon, Mo., more than three years ago.

Six other men have received awards totaling \$8 million from the Madison County jury that is to decide all 47 suits.

THE FILING of the suits in Madison County, 120 miles and a state away from the accident site, has stirred some legal controversy. The Madison County Circuit Court is viewed by some attorneys as one of the most lenient in granting financial settlements.

Personal injury suits have become a sizable business in the county, which is on the Mississippi River north-east of St. Louis. Many injured workers—and their attorneys—file their suits in the Madison County Courthouse in Alton rather than in the seat of the county in which they were hurt.

The 47 workers were allowed to file suit in Illinois under a federal law that permits injured railroad workers to file personal injury claims in any jurisdiction where the railroad does business.

The Norfolk & Western has tracks in Madison County, allowing Lowe and the other plaintiffs to sue there.

THE JURY LAST week awarded \$1.5 million to Harold Buck and \$1.2 million to John Clark, both of Moberly, Mo., and \$1.2 million to Larry Prior of New Florence, Mo. The jury Monday night returned verdicts in three more cases with judgments of \$1.6 million, \$1.5 million and \$1 million.

Lowe, a railroad yard supervisor, claimed the accident and subsequent clean-up caused him such problems as loss of memory, rashes, stomach problems and muscle pains.

Doctors said they found traces of dioxin—a substance

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Agency Approves C&NW Funding Plan

Journal of Commerce Staff

WASHINGTON — Financing plans for a project aimed at giving the Chicago & North Western Railroad access to Wyoming's coal rich Powder River Basin have been approved by the Interstate Commerce Commission.

A final ruling in the case will not be issued until it is clear whether the C&NW can negotiate an agreement to purchase half interest in the connecting line from the Burlington Northern Railroad.

Under terms of the financing arrangement 14 banks have joined forces with the C&NW and a Union Pacific Railroad subsidiary to arrange financing for the \$460 million project.

The agreement was reached after the commission approved a series of transactions giving the C&NW access to the coal fields by track to be jointly owned with the Burlington Northern.

Under the proposal the C&NW will ship coal over the joint line and then over C&NW lines in Wyoming and Nebraska where it will be interchanged with the UP at South Morrill, Neb.

suspected of causing cancer—in his bloodstream after the incident.

Lowe and Buck would not comment on the case, while attempts by The Tribune to reach other plaintiffs were unsuccessful. Paul Pratt, the attorney who handled Lowe's suit, also was unavailable.

"THE VOLUME [of cases] is good for us," admitted Willard Portell, Circuit Court clerk of Madison County. He said his office has operated with a \$600,000 surplus for the last few years because of filing fees and traffic fines.

"But the assumption that this is a business is absolutely wrong," Portell said. "If it's a good case, they may get a good settlement," he said, noting that of the 60,000 lawsuits filed in the county each year, only about 800 are personal injury cases.

According to evidence in his trial, Lowe walked a half-mile stretch to determine the extent of the damage from the derailment of the 87-car train and returned home drenched in chemicals. One physician testified that Lowe was lucky to have lived beyond the night of the spill.