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Minneapolis Star/Tribune
September 15, 1982

Soo bids on line to extend service

The Soo Line Railroad Co. has made an offer to buy more than 650 miles of rail lines that would extend its direct service from Minneapolis to Kansas City, Mo., as well as provide access to an extensive-grain producing region in Iowa.

Soo's offer was presented to the trustee of the Chicago, Rock Island and Pacific Railroad Co., which owns the lines and which is seeking a buyer for the properties. Its specific terms, including the price, were not disclosed.

The offer calls for the Soo Line to buy:

- Approximately 400 miles of main line, including ownership in jointly operated line segments, between Northfield, Minn., and Kansas City, Mo.

- Approximately 200 miles of branch line in the northern half of Iowa extending from Iowa Falls through Estherville to Ocheyedan and Rake, along with a 45-mile

segment from Dows to Forest City, and a 12-mile branch line from Carlisle to Indianola, Iowa.

Soo service between Minneapolis and Northfield would be handled over lines of the company's wholly owned subsidiary, the Minneapolis, Northfield & Southern Railway.

The offer to buy, if accepted by the federal bankruptcy court overseeing liquidation of Rock Island assets, also would be subject to approval by the Interstate Commerce Commission.

The Minneapolis-based Soo Line now operates more than 4,400 miles of line in seven states with its principal operations in Minnesota, Wisconsin, Illinois and North Dakota.

Journal of Commerce
September 16, 1982

Milwaukee Road To Lease Coal Cars

Journal of Commerce Special

CHICAGO — To increase its coal-carrying capacity, the Milwaukee Road will lease 210 4,000 cubic foot, 100-ton coal cars with delivery expected that this year and early next year, the company said.

The cars, valued at \$7.8 million, will be manufactured by Portec Inc.'s Railcar Division and will be leased to the railroad for a five-year period.

To satisfy contracts negotiated by the railroad, the equipment will be used in unit-train coal service from mines in Indiana to marine loading facilities on Lake Michigan during the Great Lakes shipping season, which lasts about seven months each year.

During the remaining five months, the cars will provide single car and multiple car shipments to coal-burning plants on the railroad's lines.

The lease of this equipment was approved by the federal court which is overseeing the reorganization of the Milwaukee Road, the railroad said.

Journal of
Commerce
Sep. 17, 1982

Coal Cars Leased By Bankrupt Line

Journal of Commerce Staff

WASHINGTON — A total of 210 4,000-cubic-foot-capacity 100-ton coal cars have been leased by the bankrupt Chicago, Milwaukee, St. Paul & Pacific Railroad Co.

The cars, which are leased for five years, will be delivered in early 1983.

They will be used in unit-train service from Indiana mines to port loading facilities on Lake Michigan for seven months a year and in single-car service for the rest of the year.

Chicago Sun Times
September 16, 1982

Milwaukee Rd. riders to get 16% fare cuts Oct. 1

By Charles Nicodemus

The Milwaukee Road's 20,000 riders will enjoy 16 percent fare reductions starting Oct. 1, RTA Chairman Lewis Hill confirmed Wednesday.

The savings on monthly tickets range from \$12 at Western Av., to \$20.25 at Elgin and Libertyville, and \$22.45 at Fox Lake.

On Oct. 1, the RTA will take over the bankrupt line's commuter operations and reduce fares to RTA levels.

Hill said the reductions will apply to one-way, 10-ride and weekly tickets as well as to monthly passes.

During Wednesday's meeting the RTA board:

- Assumed the labor contracts applying to the 400 employees the RTA will take over from the Milwaukee Road. But the RTA restored the 7 percent wage cut imposed in January.

- Approved the appointment of Joseph DiJohn to the newly created, \$57,500-a-year post of manager, bus operations, to oversee all of the agency's suburban bus activities. He was formerly executive director and general manager of the North Suburban Mass Transit District (NORTRAN).

- Ratified a \$41,359-a-month lease with Union Station, as rent for tracks and facilities used by the Milwaukee Road commuter operations. Hill said the costs "are less than those paid by the Milwaukee Road."

- Approved a new rental agreement for use of the bankrupt Rock Island Line's tracks between Chicago and Joliet. Hill said the new figure, totaling more than \$28,000 a month, was court-ordered "because we had been paying practically nothing" for use of the track.

Hill also disclosed that a Senate appropriations subcommittee on Monday knocked out of a House-approved transportation funding bill \$25 million that had been earmarked for the next RTA fiscal year, starting Oct. 1.

Hill flew to Washington Wednesday afternoon "to try to start repairing the damage."

Here are monthly savings that will be realized by riders using other stations on the Milwaukee Road's two commuter lines:

- \$12.95 for Hermosa, Cragin, Hanson Park, Galewood, Mars, Mont Clare, Healy, Grayland and Mayfair.
- \$13.65 for Elmwood Park, River Grove, Franklin Park, Mannheim, Forest Glen, Edgebrook and Morton Grove.
- \$14.85 for Bensenville, Wood Dale, Golf and Glenview.
- \$16.05 for Itasca, Medinah, Roselle, Northbrook and Deerfield.
- \$19.25 for Hanover Park, Bartlett and Lake Forest.
- \$19.30 for Rondout.
- \$21.25 for Grayslake and Round Lake.

Chicago Tribune
September 23, 1982

Pass privilege on the Milwaukee Road

CHICAGO—A Tribune editorial suggested the RTA is wrong to continue a policy which provides commuter pass privileges to certain Milwaukee Road employees and retirees.

Actually, this "freebie," as you call it, isn't a free ride at all. It is part of the negotiated settlement reached with the RTA and was carefully considered in the economic package I presented to the agency. Without this benefit the cost of that package would have been higher.

This privilege is not abused. It applies only to qualified employees employed by the railroad prior to March 1, 1972, and no

employee hired since that date is eligible for a pass. Neither I nor many of my senior officers enjoy this benefit. And attrition continually reduces the number of employee pass holders.

Perhaps, more importantly, this policy may be terminated as early as Dec. 31, 1984, and in no event has the RTA committed to extend pass privileges beyond Dec. 31, 1988.

I believe this is a fair and equitable arrangement and is consistent with practices of other Chicago-based commuter lines.

Richard B. Ogilvie
Milwaukee Road Trustee

Minneapolis Star/Tribune
September 14, 1982

Wirth gets 5th delay in depot purchase

By Jacqui Banaszynski
Staff Writer

Having assured a federal judge that he's close to gathering the needed cash, California real-estate investor Harry Wirth got a fifth extension Monday on his deadline to buy the old Milwaukee Road depot in downtown Minneapolis.

During a bankruptcy court hearing in Chicago late yesterday, Judge Thomas McMillen gave Wirth two weeks — until Sept. 27 — to buy the 15.5-acre depot property for \$9.5 million cash.

Wirth could not be reached for comment. However, lawyers for the Milwaukee Road said he appeared in court yesterday with a petition asking for more time.

He was accompanied by lawyers representing a California bank, according to Larry Adelson, an attorney for the trustee handling the financial reorganization of the bankrupt Milwaukee Road. Adelson added, "This is the first time he's come in with bank people."

According to documents presented in court, Wirth is seeking a \$15 million loan from Adobe Savings in Concord, Calif., and a \$10 million loan from State Savings and Loan in Stockton, Calif. Adelson said that the banks' lawyers "didn't indicate that a commitment had been made, but they indicated they were well along in working on it."

Wirth also presented a letter of personal credit from one of the stockholders in his Minneapolis development firm, Waterfront Companies, Inc. The stockholder claimed personal assets of \$6 million and said those assets were pledged to Wirth as collateral in securing a loan.

"He (Wirth) was asking for additional time to get the money," Adelson said. "There was some problem with

exactly what collateral was going to secure the loan. His attorney didn't indicate what that problem was."

Wirth won the right to buy the defunct railroad property at Washington and 3rd Av. S. after a bidding war with four other developers in November. He has been scheduled to complete the cash deal five times since February but has delayed each time, saying he needed more time to negotiate acceptable deals with investors and to find partners for his \$221 million renewal of the depot site. He has paid more than \$2.2 million in nonrefundable cash deposits out of his personal funds for those extensions.

Wirth was not required to pay extra for the latest extension, although the Milwaukee Road continues to charge 14 percent interest on the unpaid balance of \$7.3 million. That interest charge has totaled \$145,000 since it was imposed in late July.

Last week, Wirth asked the city of Minneapolis to cosign his application for a \$16 million loan from a California bank. When officials refused, Wirth offered to sell the city a share of the depot property for \$4 million. That deal also was turned down.

Two other interested buyers also appeared in court yesterday to renew offers they had made on the same property in November. They were the Center Companies, Inc., a national property-development and management firm based in Minneapolis, and a joint venture made up of the Soo Line and the Cowles Media Company, parent of the Minneapolis Star and Tribune Company.

Wirth has said he wants to build restaurants, shops, offices and condominiums on the depot site.

DOUBLE THE ACTION

"We are going to see a significant jump in the demand for twin-trailers when the economy picks up." That is the confident prediction of George Malley, executive vice president of Fruehauf Corporation, the nation's leading trailer manufacturer. Even though 14 states still prohibit the use of twin 28-foot trailers on their highways, Malley believes these more efficient combination trailer units are the equipment of the future.

Legislation to authorize the use of twins, or "double-bottoms," on all federally-funded highways was set back temporarily this year when President Reagan refused to go along with an accompanying increase in highway taxes. But the industry is convinced the bill will pass, probably next year. "When that law goes through, we will have a flood of orders," Malley said. "The industry is just waiting for it. They are ready and we are ready."

Even if legislation fails, recent Supreme Court decisions are viewed by some as an indication that nationwide use of twins is only a matter of time. The high court struck down laws in both Wisconsin and Iowa that prohibited the use of 28-foot doubles. That is good news for the nation's energy conservation efforts. An estimated 92.9 million gallons of fuel could be saved annually if all states permitted twins. There are other economies as well, since four doubles can do the work of five conventional trailers. One consultant estimates that a shift to twin-trailers could save trucking firms as much as \$500 million a year in operating expenses.

Soo Line bid cheers Iowa grain dealers

Rail firm offers to buy north-south 'Rock' artery

By RANDY EVANS

Register Staff Writer

This year has not produced a bumper crop of good news for Ivan Summa, the man who presides over the huge grain elevator that is the skyline of the Dickinson County town of Superior.

The sickly economy and bargain-basement grain prices have sent business reeling at the Superior Cooperative Elevator Co., which Summa manages, and at the dozens of other grain-marketing facilities that dot the rich farming country of northwest Iowa.

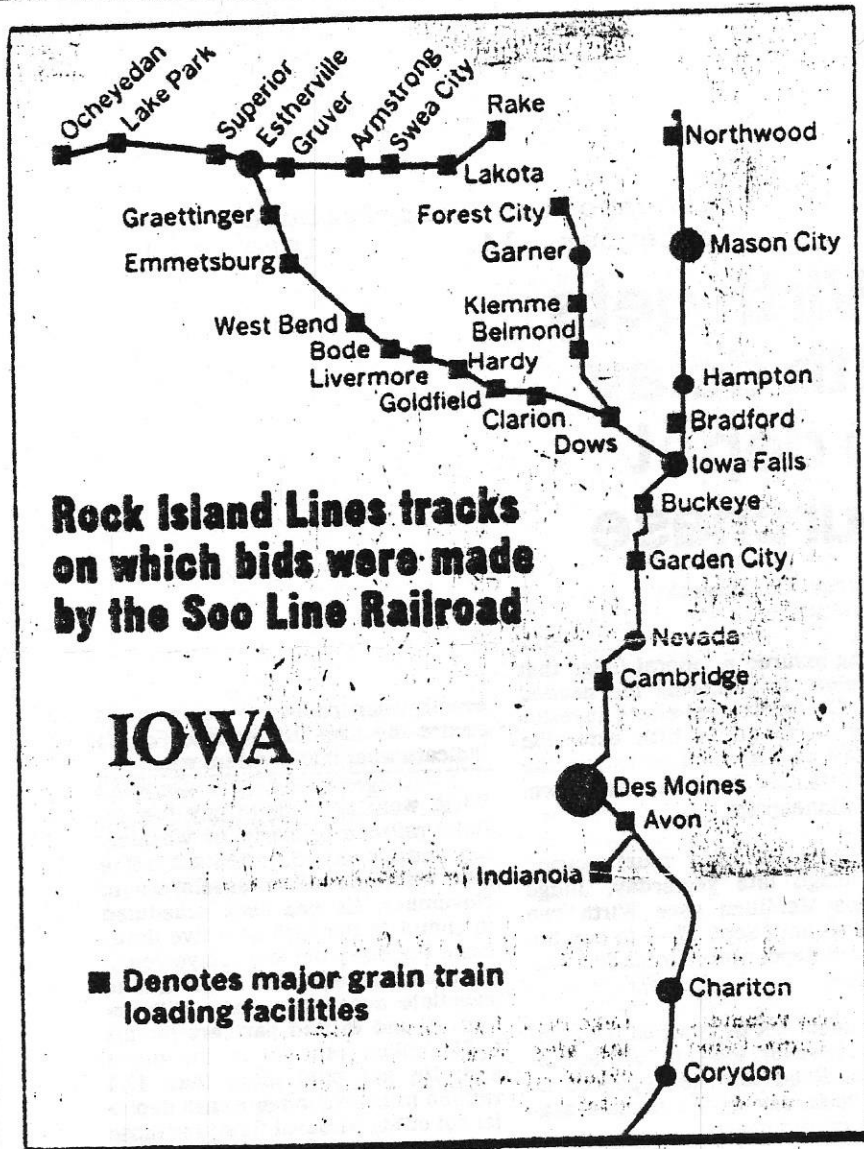
But last week, Summa said he had cause to jump for joy: The Soo Line Railroad offered to buy the tracks beside his elevator. And if the sale comes to pass, he said, a worrisome headache for him and his counterparts in the grain business will be removed.

Those tracks are a lifeline for the grain elevators, and the line's future has been of considerable concern to Summa for 10 years, he said. He watched the present owner, the Rock Island Lines, fall ill and slowly die; he watched the tracks deteriorate while negotiations with one prospective buyer seemed to go nowhere; and he did not want to watch that prospect, the North Western Railway, buy the line because he feared that the freight rates he pays might rise out of control.

"The way it is now, we don't have competition," Summa said last week. "We've just got the North Western. We're at the mercy of the North Western on rates, and we're at the mercy of the North Western on service."

But Summa added: "We're overjoyed to have a competing railroad coming in with a bona fide bid and cash to spend. We'll welcome them with open arms."

Rock Island Lines tracks on which bids were made by the Soo Line Railroad



Ralph Matheson, manager of the Farmers Cooperative Elevator Co. at Rake, agreed, if not quite so effusively: "Some 70 percent of the grain in Iowa already moves on the North Western. I think we need competition. As long as it's a reputable railroad, I don't care who it is."

"Regardless of what the railroad's name is, we need two railroads in northern Iowa to handle the grain business," added Fred McKim, whose West Bend Elevator Co. ran up a \$7 million rail freight tab last year.

The Soo Line, an American arm of Canada's largest corporation, Canadian Pacific Ltd., offered to buy the Rock Island's north-south main line through Iowa, between Minneapolis and Kansas City, Mo., and 200 miles of branch lines in central and northern Iowa, including

the segments in Superior, West Bend and Rake.

The amount of its bid has not been disclosed, but a number of reports have put it in the range of \$75 million to \$100 million.

The North Western, Iowa's largest railroad, has been operating the Rock's main line and the branch lines under a lease arrangement with the railroad's bankruptcy trustee. The North Western has had its eye on acquiring those tracks, too, but two years of negotiations with the trustee have not been fruitful.

Transportation analysts in Iowa believe the Soo Line stands a better chance of succeeding because it goes into the negotiations in better financial health than the North Western.

Analysts said the Soo Line's debt ratio is about one-third of the North Western's, and the Soo Line turned a \$8 million profit during the first quarter of this year while the North Western posted a loss of more than \$7 million.

And that financial strength is one of the attractions the Soo Line holds to people like Summa, Matheson, McKim, and officials of the Iowa Department of Transportation, which has been working since the Rock's demise in 1979 to find a buyer for the so-called "spine line."

"Our goal is to get a strong carrier who has the financial resources to upgrade the line, keep it maintained, and provide an adequate amount of equipment," said Les Holland, director of the DOT's rail division.

"We don't want to have to go through this again in five or 10 years."

Between \$10 million and \$20 million probably will have to be spent on rehabilitating the Rock's branch lines northwest of Iowa Falls, according to DOT estimates.

In spite of the Soo Line's resources and reputation, some shippers were cautious last week about expressing support for its bid because they knew little about the company's rates or how committed it would be to carrying their grain.

"In reality, you can have a gold-plated railroad out here and not be able to afford its rates, so maybe you would be better off with a tin-plated railroad that you could afford and that would make you money," said McKim, the West Bend businessman and one of the shippers who are publicly remaining neutral for now.

Thomas Williamson, vice president for transportation at AGRI Industries Inc., the West Des Moines-based firm that is Iowa's biggest grain marketer, was another of those not willing to express a preference yet between the

North Western and Soo Line.

"The thing we are looking for is access to grain markets," he said. "It's no secret, I don't think, that the Soo Line doesn't offer the access that the North Western does."

He added, however: "At this stage of the game, they both offer some pluses and minuses."

But back in Superior, Ivan Summa remained adamant: "I think this is a tremendous opportunity for Iowa to have competitive rail service."

Des Moines Register
September 21, 1982

New offer for 'Rock' lines

Iowa farmers and shippers who worry about a near-monopoly of rail transportation in northern Iowa if the Chicago & North Western acquires tracks of the bankrupt Rock Island Lines had cause for cheer last week. The Soo Line announced that it wants to buy the Rock's Kansas City-Des Moines-Minneapolis mainline and 200 miles of northern Iowa branches.

The "who" line? a lot of Iowans may ask. The Soo, which operates mainly in Wisconsin, Minnesota and North Dakota, is a prosperous, well-maintained member of the giant Canadian Pacific family. Its purchase of Rock Island track probably would ensure a first-class operation, and the competition could have a moderating effect on grain freight rates.

Like the North Western, the Soo could carry Gulf-bound grain only as far as Kansas City and would have to turn it over to one

of several other railroads there. However, it has access to the Great Lakes and, through its Canadian Pacific affiliation, to Pacific and Atlantic coast ports.

The Rock Island's trustee is obliged to accept the best offer for the property, without regard for which arrangement would be the better for Iowa or anyplace else. The best offer might not be the highest dollar amount; terms of payment and possibility of default could be factored into his decision and that of the federal judge who must approve any deal.

When the courts and regulatory agencies approve the sale of the Milwaukee Road to the Grand Trunk Western (a U.S. affiliate of the Canadian National), and if the Soo Line gets some of the Rock Island, Iowa would be in a situation few could have imagined a decade ago: extensively served by Canadian railroads.

Two railroads woo Iowans for Rock line

By RANDY EVANS

Register Staff Writer

WEST BEND, IA. — The top brass from two railroads that are vying for an important Iowa grain-hauling line came to this northwest Iowa farming town Monday afternoon to win the support of the officials who run the area's grain elevators.

Representatives of each of the companies made it clear that they think their railroad can do the best — and cheapest — job of hauling the some 70 million bushels of corn and soybeans that move out of the region by rail each year. That bounty holds considerable value to the railroads because it represents tens of millions of dollars in annual business.

At day's end, however, most of the elevator operators still remained neutral, at least publicly, in the bidding war that developed last week when the Soo Line Railroad submitted an offer for the same tracks the North Western Railway has been trying to buy, too. The tracks belong to the defunct Rock Island Lines railroad and include its north-south main line through central Iowa and 212 miles of branch lines northwest of Iowa Falls.

Neither railroad's offer for the trackage has been disclosed.



The gathering of rail shippers at the offices of the West Bend Elevator Co. was unusual because it included the president and three vice presidents of one railroad and later the assistant to the president, a vice president, and a rates manager for the other.

Officials of both companies laid out their plans for the lines and for rehabilitating them, and answered a variety of questions from the elevator officials who were concerned about such matters as the availability of locomotives and plans for certain sidings.

North Western President James Wolfe pulled no punches during his hour-long presentation to the 100 elevator officials: "I think it's important to realize that if the North Western becomes the owner of your tracks, you are going to have access to every market this country can offer: the Gulf, the Great Lakes, the Mississippi River, the Pacific Coast. I don't believe you are going to have the diversity of markets, the diversity of opportunity, if the Soo Line becomes the owner."

Wolfe said his railroad had the best chance for making money operating the old Rock tracks, and that should be an important consideration to the elevator operators, he said.

"You have the best chance of getting a revitalized railroad that can move your grain with the North Western, and that's what you want," he said. "If anybody other than the North Western comes in here, their economics are going to be just like the Rock Island's."

Ray Smith, vice president of the Soo Line, responded indirectly to Wolfe's comments during his appearance before the group later. And Smith tried to allay concerns that his railroad would offer shippers fewer markets for their grain.

"I don't see that Soo ownership imposes any geographical disadvantages on you," he said. "It will do us no good to acquire these lines unless we have a competitive rate structure."

He added, "We think we are responsive, and that is how we've made our living. . . . I guess our best recommendations for the Soo Line comes from our customers."

Smith told the crowd that the Soo Line's strong financial record — \$36 million in profits last year and a record of profitable operations every year since 1959 — and its affiliation with the giant Canadian Pacific Ltd. give his company a stability that other railroads envy and that benefits shippers who depend on good rail service.

The North Western is the largest railroad in Iowa, and some elevator operators have expressed concerns about a virtual North Western monopoly on grain hauling if the Rock Island purchase goes through. The Soo Line would be a newcomer to Iowa and would be expanding into the Kansas City, Mo., market for the first time with the Rock purchase.

It is uncertain when both companies' negotiations with the Rock Island's bankruptcy trustee will be concluded, but Wolfe predicted that a sale could be consummated by year's end.

CNW official asks for help

By HARRY MAIER
Of the Press-Gazette

Not long ago it was the Milwaukee Road that needed help during its convalescence after filing for bankruptcy.

Today, an officer of the Chicago & North Western Transportation Co. says it is his railroad that needs help during convalescence from the current economic downturn.

Ray Degnan, Chicago, senior vice president for transportation, spoke to about 70 persons, mostly railroad shippers, at Oneida Golf & Riding Club Monday night.

Degnan said the railroad had a slow start during the first six months of this year, falling behind about \$10 million. However, he reported it is doing better in the second half and

expects to end the year in the black.

"Grain exports to Russia will help our car movements out of the Midwest," Degnan said.

During the period when the Milwaukee Road was fighting to recover from its bankruptcy, Degnan said there was compassion for the railroad and it was given large amounts of traffic, especially from the Canadian National and Grand Trunk systems.

"They have recovered and are a strong, viable carrier. Now we're convalescing. We need your help, we need your traffic," Degnan told the shippers.

Ed Burkhardt, Chicago, vice president, transportation, said the CNW can handle any volume of new business.

"The line is in the best maintenance condition of any time in the past 30 years," he said. "We have plenty of cars and locomotives and are well-poised for any increase in service."

About one-third of the CNW fleet of freight cars is in storage, but in a position to be placed in service within a day's notice.

He said CNW delivery is better than ever, noting the railroad can provide 36-hour service from Green Bay to Kansas City, where it interchanges with lines to the south and west.

He also reported tentative agreement has been reached on a new United Transportation Union contract, "and we're close with the engineers."

Rail News Update - AAR
September 9, 1982

Block OK's Rail Cars For Grain Storage

WASHINGTON — This year's bumper wheat harvest, low prices and full elevators have caused a grain storage crisis in the Midwest and Southwest.

Recognizing the severity of the impending crisis, Secretary of Agriculture John Block has approved emergency storage of government price-supported grain crops in surplus rail cars and other facilities. Block said the emergency measures are needed to alleviate storage space shortages. The alternative would be to disqualify farmers from receiving price-support aid.

Although storage space will be limited, the Agriculture Department says there should be ample transportation by rail for this year's grain harvest. In a report issued in August, the Department said that "railroads could readily accommodate a demand increase of at least 65 million bushels a month" in grain and soybean shipments.

"Moreover," the report continued, "the jumbo covered hopper car fleet has expanded from 198,000 to 232,000 cars during the last two years, suggesting that present rail shipments could be increased by as much as 40 percent."

Traffic World Magazine
September 13, 1982

Burdakin Re-elected to Chamber

John H. Burdakin, president of the Grant Trunk Corporation, Detroit, and a member of the Canadian National Railway's executive committee, has been re-elected to the board of directors of the Michigan State Chamber of Commerce. He also was named to the chamber's executive committee and will serve as vice-chairman, representing southeastern Michigan.

Journal of Commerce
September 22, 1982

Argentine

In a last-ditch effort to avert the street demonstrations and national

strike threatened by labor organizations for this week, the government announced a special pay rise of 400,000 pesos for this month.

The increase was on top of the 1 million peso wage increase granted at the beginning of this month, following a special one-time-only "bonus" of 600,000 pesos to cover inflation in August.

The latest increase took the cumulative rise in wage levels this month so far to 1.4 million pesos or about \$35 at the current official "financial" exchange rate of just under 40,000 pesos to the dollar.

September 21, 1982

A strike that chokes the economy

8

If you are fortunate enough to have a job, you probably had trouble getting to it Monday. The railroad engineers have gone on strike during a recession that has put unemployment rates higher than at any time since the Great Depression. The strike threatens to hurt an economy that is making the first steps toward recovery, and that may be the very thing that emboldened the engineers to walk out. The general harm the strike inflicts is all out of proportion to what the engineers themselves suffer.

To the hundreds of thousands of people across the country who had to face an adventure in commuting Monday the issue that the union walked out over must seem absurd. The engineers want to retain the current difference in wages between themselves and all other rail workers. And they are striking now to retain the right to strike later if the railroads offer other workers a pay increase without providing them one that is proportional.

This is the issue on which the engineers are willing to stagger the economy and hassle commuters in order to prevail. But the railroad unions have made themselves a reputation for behaving badly over trifles and antiquities in their con-

tracts. The engineers' timing might be bad, but they are acting completely in character.

Because the engineers' truculence threatens to cause such a great problem for the economy and because the rail unions have such a chokehold on the country, the Reagan administration has taken an active role in the negotiations. Because of the negotiating impasse, it has been forced to go to Congress for legislation empowering it to order the engineers back to work.

Congress may very well be in the mood to take strong action against the striking engineers. At a time when unions in most other industries—with the exception, perhaps, of some public employee unions—have been willing to settle for much less than anyone would have expected just a year or so ago, for the engineers to walk out over such a minor point is simply outrageous.

The engineers are betting on the suffering they can cause to the country by their strike, but this may boomerang, just as another strike did when the air controllers defied President Reagan and walked out of the towers. Public sentiment in these hard times is not with those who are willing to imperil everybody just to squeeze a little more money from their employer.

September 24, 1982

Why the trains ran late

Perhaps it is bad form to grumble, now that the trains are running again, but it seems clear that Wednesday's commuter scramble—and whatever business dislocations occurred because freight was not moving—could have been avoided if the House of Representatives had moved more quickly to send the striking engineers back to work.

The reason the House did not act, apart from the usual parliamentary afflictions of laziness and inertia, probably had a lot to do with the fact that the East Coast was not suffering. Trains there, operated by Conrail, were unaffected by the strike.

Washington, as usual, did not feel the effects of its actions or inaction. Once again, it was as indifferent as if it were another country, the suffering states a distant colony.

In this case, though, the insulation of the District of Columbia was only part of it. As one congressional staff member put it: "The big problem is that the railroads in the East are not affected and there is no sense of immediacy for members from that region. To them it isn't a national strike."

You would have thought that powerful representatives from the Midwest—from Illinois alone, for heaven sake—could have goaded the House into quick action. Maybe their power isn't all it is cracked up to be. After all, the idea that the measure of government effectiveness is whether it can get the trains to run on time became a cliché simply because it was so true.

In the aftermath of the strike, there are a few more serious issues that deserve attention. Why did the strike happen in the first place? And was it proper for the Congress to step in and decree a settlement? These are related questions, and they are not easy to answer.

Ordinarily, it would seem heavy-handed for the government to force terms of employment on any individual or group. But in the case of the railroads, the labor situation is so thoroughly intermingled with federal regulation and the stakes have been so high over the years that unions can go out on strike without really expecting that their members will have to suffer long-term financial deprivation.

When a railroad union is about to go on strike or actually does walk out, the government always steps in. This means that rail union leaders do not have to weigh the consequences of their actions as carefully as other labor bosses. They can act tough and appease their membership by calling a strike in the almost certain knowledge that the strike will not last.

In other words, the hassle and economic losses caused by the rail engineers' walkout were the result of a mere gesture, the consequence of bravado and face-saving. It is time for Congress to have a look at its railroad labor laws to see whether they make sense or whether they encourage painful and pointless exercises like the one that finally ended Wednesday.

Pipelines vs. Railroads

IN A CLASSIC battle of the big lobbies, the coal slurry pipeline bill is inching slowly through Congress. It's the coal industry and the electric utilities versus the railroads and some of the western farmers. But amidst the scrimmaging among the teams of lawyers and public relations players, it's important not to lose sight of the large public interest in this bill.

It would provide a federal power of eminent domain for the pipelines and, without it, very few will ever be built. Almost any route must cross the tracks of a railroad that hauls coal, and the railroads, who can recognize a competitor when they see one, won't voluntarily let them through.

But competition can help hold down the costs of coal delivered to power plants, and that in turn will help hold down consumers' electricity rates. Congressmen who vote against this legislation are turning down a rare opportunity to do something actually useful about people's utility bills.

The railroads, incidentally, are not defenseless in this competition. One of the first coal pipelines ever built, an intrastate line in Ohio, was closed down after railroads responded by organizing highly efficient unit trains. That's the system working the way it's supposed to, pushing costs down and productivity up.

The question of water has been raised repeatedly in the long debate over this legislation. To move coal through a pipeline, it has to be crushed and mixed with water to make a slurry that can be pumped. That raises concern among farmers in the western states, who see the pipelines as a different kind of competitor—a competitor for water. But Congress' Office of Technology Assessment looked into it and concluded that adequate water is available. Legally, the legislation would leave the allocation of supplies with the states.

Since this bill would encourage and broaden competition, you might think that the Reagan administration vigorously supported it. In fact, the administration has resorted to a craven cop-out. It piously explains that, in deference to the sacred principle of states' rights, it prefers to leave the whole matter of eminent domain to the state legislatures. That amounts to opposing the bill, since any long line must cross three or four states, any one of which could block it.

The pipeline bill has been reported in both the House and Senate, but it's moving in slow motion, and the end of the session is getting very close. If Congress acts, or fails to act, the difference will be read in people's electric bills for years to come.

Des Moines Register
September 22, 1982

Iowa rail traffic cut by three-fourths

By JERRY PERKINS

Register Agribusiness Writer

The national rail strike has cut Iowa rail traffic by three-fourths, but significant economic impact has yet to be felt, officials said Tuesday.

Trains in Iowa were being run by railroad executives but at only one-fourth the normal capacity, said Les Holland, director of the Iowa Department of Transportation's rail division.

Holland said a survey of Iowa businesses, industry and grain elevators conducted Tuesday by the Iowa DOT showed no major problems have developed in Iowa, but there is concern if the rail strike continues another week.

"There is no way the trucking industry could handle the hauling of goods and grain" in Iowa, Holland said, if country elevators and industries need to find an alternative to shipping by rail.

Not all railroads in Iowa were shut down because of the strike.

The Iowa Railroad Co., one of six "short line" railroads that operate on trackage leased from other railroads, is still running trains, said Bryan Whipple.

Trains of the Iowa Railroad Co. are operated by non-union engineers, Whipple said.

However, the company could be affected if strikebound connecting rail lines can't supply cars, Whipple said.

That could come as soon as Monday.

But the DOT's Holland didn't think the Reagan administration or Congress will let the strike go that long.

"Something has to be done," Holland said. "The strike has to be settled because it affects the national economy and the national defense."

These pipelines should stay closed

CONGRESS IS ABOUT to debate legislation that could cripple one of the country's prized resources — the national rail transportation network.

At issue is whether coal slurry pipeline companies should be granted federal eminent domain to acquire rights-of-way to pump coal suspended in water thousands of miles to electric generating plants.

President Reagan is on record as opposing the proposal, preferring to leave the granting of such authority to the states. That position is in keeping with Reagan's support of federalism. He believes Uncle Sam should not intrude on state sovereignty.

HOWEVER, THERE ARE far better grounds for opposing the legislation. And that is protecting the role the nation's railroads play in the movement of tremendous masses of freight no other transportation mode can do as well.

That capacity is vital to the United States, its industrial strength, the economy and national security. It is a national asset. And for Congress to threaten its financial stability and, therefore, its ability to deliver the goods would be foolhardy and dangerous to the national interest.

This year, the slurry interests have mounted probably the greatest lobbying effort on Capitol Hill since the late President Kennedy endorsed the concept 20 years ago. The effort is well financed.

It represents a coalition of labor unions, whose members would be employed in pipeline construction; the Slurry Transport Association, whose members want to build a dozen lines in the U.S.; and the American Association of Retired Persons, whose membership hopes competition in the coal hauling business will reduce home heating bills.

And that amalgam has the railroads concerned that the slurry line legislation will come to a closer vote in Congress than ever before. The battle has been going on for two decades.

No doubt about it. The railroads do have a monopoly in carrying coal. Last year, they hauled 560 million tons, 100 millions tons of that for export. That tonnage represented 75 percent of the coal that moved in the country and 65 percent of total production.

Keep in mind, though, that most of that tonnage was carried by seven major railroads in high-volume, profitable unit trains and that the traffic represented the cream of the carriers' freight profits.

COAL IS THE railroad industry's largest single commodity and revenue producer. If you take away that cream — and the pipelines, if built, are expected to skim off about 250 million tons a year — the national rail network could be seriously impaired.

Now, I know my writing this kind of defense of the railroads will cause raised eyebrows among those familiar with my belief in

free enterprise and fair and open competition.

But in this instance, I have to amend that philosophy because so much is at stake. Not only might an entire industry employing thousands be damaged, but the nation's ability to defend itself could be jeopardized.

For there is no way that buses, trucks, or airlines are going to carry the overwhelming tonnage and personnel demanded for defense, should push ever come to shove in the conflict between democracy and those who would destroy it.

In earlier Capitol Hill battles, during which similar legislation failed, there was sympathy for the railroads because of their vulnerability to grievous financial injury. The railroad deregulation act of 1980 may have helped alter that perception.

Some railroads are starting to make money. They can enter into long-term coal hauling contracts they previously were prohibited from signing, even though slurry lines could. Also, they have enjoyed that virtual monopoly.

So some on Capitol Hill now believe the railroads can survive competition from slurry operators. But there is a rub. The old argument that the railroads were incapable of hauling all the coal required as that fuel gained ascendancy in the oil crisis no longer holds water.

The 560 million tons carried by rail last year represented more than the tonnage delivered when coal was still king more than three decades ago. However, in August, 1981, in the busiest week in the history of that commodity's traffic, there were 14,000 coal gondola cars idle.

And the average daily surplus of coal cars

runs about 43,000 because the industry expanded its fleet in keeping with projections that failed to conform with actual demand. Better utilization of unit trains and the recession also played a role in creating the surplus.

THUS, BUILDING A network of slurry pipelines costing an estimated \$30 billion worth of high interest money would only duplicate an existing system for carrying coal that was constructed with yesterday's cheap dollars.

There also is another issue Congress should weigh as it debates the slurry proposals. And that is the sanctity of another national resource — water.

It takes a ton of water to transport a ton of pulverized coal. Once that water is taken from near the mine head, it cannot economically be returned. Thus, it would take billions of gallons of water to deliver the 80 million tons of coal annually envisioned for just two of the major slurry lines on the drawing boards.

And that means farmers, ranchers and other major users of water, especially in the Western states containing large deposits of low-sulphur coal, would also become endangered as slurry pipelines drained off their most precious asset.

For my money, the forthcoming debate is pointless. It would be different if nothing existed for the hauling of coal. But the railroads represent an efficient, proven system for doing the job.

So why strain the delicate ecological balance and threaten the nation's rail transportation security to satisfy the profit motives of already well-beeled private entrepreneurs?

Green Bay Press Gazette
September 20, 1982

Local trains

By HARRY MAIER
Of the Press-Gazette

Supervisory crews for both the Milwaukee Road and Chicago & North Western railroads were operating trains today in the first day of a nationwide strike by the International Brotherhood of Locomotive Engineers.

The union struck the nation's railroads at 12:01 a.m. Sunday.

In Green Bay, there are about 30 members of Local 297 employed by the two major railroads.

Employees of the Green Bay & Western and Escanaba & Lake Superior railroads are members of the United Transportation Union. Those two railroads, which settled their contract

last week, are operating.

The GB&W said it was "business as usual" for that railroad, with crews working at all switch locations.

Steve Selby, vice president, said the railroad has more than 700 boxcars in the immediate area which can be used for loading outgoing freight.

The GB&W is scheduling its regular runs to Winona, Minn., where it will interconnect with the Burlington Northern, which also is operating with management personnel.

Railroad selling off everything

HELENA (AP) — The Milwaukee Road is having another garage sale. This time everything must go along 309 miles of right-of-way west of the railroad's abandoned division point at Harlowton.

The fiscally troubled railroad, which is finally turning a profit, has already stripped such things as signals along the tracks between Harlowton and Gold Creek, a tiny community in Powell County just west of Garrison.

But bargain hunters can still pick up — in addition to the land — rotting ties, worn tracks and rusting bridges. And tunnels.

E. J. Tyckoson Jr., the railroad's general property manager in Chicago, said Wednesday the deadline for submitting bids is Sept. 15.

He said it was likely that major salvage companies interested in the metal in the bridges and rails will bid on the right-of-way and then try to resell the property to adjacent landowners.

The property has been divided into seven segments, and each bid for a segment has to be accompanied by a \$25,000 cashier's check. A few parcels of property and bridge have already been sold between Harlowton and Gold Creek.

The railroad will reject any bids that are too low, Tyckoson said.

As an inducement to bid, he said, the rails and bridges won't have to be removed by successful bidders until the end of 1984.

"Normally they would have to remove them within six months to a year," Tyckoson said, "but the market (for scrap steel) is depressed now."

There's some good news and bad news for those interested in buying a piece of the relic railroad.

The good news is that the Milwaukee, which is being dunned by counties and other taxing entities — but protected by a federal bankruptcy court — is agreeing upon sale to assume all property taxes, prior to 1982.

The bad news is that the railroad is willing to give only quitclaim deeds and says it can offer "no abstract of title, title report or title insurance policy" on the property.

Sales are subject to approval of the federal bankruptcy court in Chicago.

Meanwhile, state Sen. Mike Anderson, R-Belgrade, said that numerous property owners along the Milwaukee Road's property are claiming that the right-of-way has reverted to them because railroad service has been abandoned.

"All through my district people are saying that the land for the right-of-way was given to the railroad, so now it reverts to the property owners," Anderson said.

Anderson said that one man, in fact, has built a house on a disputed piece of land.

The land ownership issue is likely to be settled in the courts, he said.

Green Bay Press Gazette

September 21, 1982

Rail service limps along in Wisconsin

By The Associated Press

Even though supervisory personnel continued to operate some trains in Wisconsin Monday, rail traffic was widely restricted in the state, and at least one large Milwaukee firm indicated that a prolonged engineers strike could force employee layoffs.

"If the strike is not over by the end of the week, we'll have to start laying off people," said Jack Birchhill, director of public relations for A.O. Smith, which employs 4,500 in Milwaukee.

(In Green Bay, both the Milwaukee Road and Chicago & North Western were switching cars at Green Bay's main industries. The Milwaukee Road received a 137-car train Monday and moved out a 100-car train

(The CNW received a 100-car train from Chicago Monday and is switching today at Sheboygan, Manitowish, Green Bay and Wausau. An outbound unit is scheduled for early Wednesday.

(Supervisory personnel are handling trains for both railroads.)

Efforts to end the three-day-old strike by the Brotherhood of Locomotive Engineers which crippled the nation's freight railroads moved to Capitol Hill when talks between union and management negotiators broke off Monday. Transportation Secretary Drew Lewis is asking Congress to quickly approve legislation ordering an end to the strike.

In Wisconsin, where more than 600 engineers for the Milwaukee Road and CNW joined the strike, both freight and commuter traffic were hampered Monday.

Christopher Burger, assistant vice president and manager of the Wisconsin Division of CNW, said supervisory crews were trying to keep principal routes open, and priority was being given to lines serving major state firms.

Milwaukee Road Superintendent Norman McKegney said supervisory personnel continued to operate trains Monday and were moving beer from Miller Brewing Co. and auto parts from A.O. Smith in Milwaukee.

Milwaukee Road normally operates 14 or 15 freight trains on weekdays, but only four were running Monday, McKegney said.

Amtrak station manager James Jonas said no trains were running. He said many of the 200 to 300 commuters who normally ride Amtrak from Milwaukee to Kenosha and Chicago on work days were car pooling or taking the bus.

A General Motors Assembly Division spokesman said Monday that the GM plant in Janesville may have to be closed later this week if the rail strike continues. Phil Gottschalk said about 60 percent of the plant's incoming materials — sheet metal, engines and transmissions — are shipped by rail. About 5,000 people work at the Janesville plant.

Milwaukee Road right-of-way on trout stream in dispute

By JOHN KUGLIN

HELENA (AP) — The state Department of Fish, Wildlife and Parks will have to look the other way as the Milwaukee Road sells its right-of-way along one of Montana's finest trout streams next month.

Adjacent landowners appear likely to pick up the corridor along practically the entire length of Sixteen Mile Creek, because the Legislature has prohibited the wildlife agency from even studying acquisition of the property.

The financially troubled railroad plans to open bids in Chicago Sept. 15 on 309 miles of its right-of way between Harlowton and Gold Creek.

The right-of-way, rotting ties, worn tracks and rusting bridges, includes land paralleling Sixteen Mile Creek in Meagher, Gallatin and Broadwater counties.

"For a stream its size, I doubt there is anything better in Montana than Sixteen Mile Creek," said Dick Vincent, a Bozeman-based fisheries biologist for the state wildlife agency. The 50-mile creek comes off the west slope of the Crazy Mountains, heads into a canyon at Ringling, and flows through mainly privately owned ranch land until it enters the Missouri River above Toston Dam.

SIXTEEN MILE "is hard to match" for trout of two or three pounds and larger, Vincent said, and is more productive than such blue-ribbon streams as the West Gallatin and Rock Creek.

The state wildlife agency can't submit a bid to the Milwaukee for the property — if it had the money — because of an amendment to the omnibus appropriations bill for state agencies that was adopted by the 1981 Legislature.

The amendment says, "None of the funds appropriated to the (FWP) department may be used for the purchase or study of the purchase of any type of abandoned right-of-way."

Sen. Mike Anderson, R-Belgrade, who sponsored the amendment, said Wednesday that it's purpose was to stop the department from acquiring the railroad's right-of-way along Sixteen Mile Creek.

Landowners along the Milwaukee's abandoned right-of way are contending that the land should revert to adjacent landowners, Anderson said, "so my

amendment was to keep the Fish and Game Department from getting in a lawsuit.

"The state had enough lawsuits against it at the time, and the Fish and Game Department has enough problems with landowners without getting into this."

Anderson said he's never fished Sixteen Mile Creek, and doesn't know if the public is going to be locked out of the area if adjacent landowners eventually acquire the land.

FOR DECADES, anglers have fished along the railroad's right-of-way, which closely parallels the stream.

Some recreationists reportedly have had difficulties getting access across private land to the railroad right-of-way, Anderson said. Others say there is no problem getting permission from ranchers, but the ranchers sometimes limit the numbers of people crossing their land, he said.

FWP Director James Flynn said he told Anderson, during the 1981 Legislature, that "I would prefer that the amendment not be offered." Flynn said he also told Anderson he didn't want to get into a hassle about the amendment, because the department was getting only limited funds for land acquisition.

Meanwhile, there is no effort by such organizations as the Montana Wildlife Federation, Trout Unlimited and the Nature Conservancy to preserve the corridor along Sixteen Mile Creek for the public.

The Nature Conservancy, in the past, has bought land like the Beartooth Game Range and held it until the state wildlife agency could find acquisition money.

The land preservation group looked at the possibility of acquiring the creek through Sixteen Mile Canyon, found the Milwaukee Road wasn't willing to sell the right-of-way at less than market price, and "finally backed away because of animosity at the local level," said spokesman Bob Kiesling of Helena.

Rich Day of Bozeman, past president of the Montana Wildlife Federation, said the Legislature's action blocking the state wildlife agency from acquiring the property was "a swift political move" inspired by ranchers who wanted to the public out of the area.

"ONCE THEY GET it (ranchers acquire land from the Milwaukee) they will shut down access," Day said.

Day said some federation members told the wildlife agency last year that it should acquire the railroad's land along Sixteen Mile Creek, but "there was no big groundswell of interest by sportsmen. If it had been a better known river like the West Gallatin it would have been a different story."

Pete Test of Helena, who has been active in the Missouri River Chapter of Trout Unlimited, said his group wanted to push acquisition of the right-of-way

along Sixteen Mile, but TU's Bozeman chapter opposed the proposal because of landowner opposition.

Intense landowner opposition to state ownership of the Sixteen Mile Canyon right-of-way surfaced in January 1981 when state District Judge W. W. Lessley of Bozeman enjoined the state wildlife agency from entering into purchase agreements with the Milwaukee.