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Des Moines Register
September 30, 1982

W. Iowa businesses buy tracks

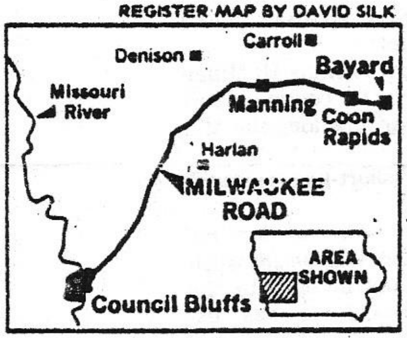
By RANDY EVANS
Register Staff Writer

A group of businesses in western Iowa sealed an $8 million deal Wednesday to acquire 100 miles of Milwaukee Road track that serves their operations, saving the line from dismantlement and clearing the way for rail service to resume after an 18-month lapse.

The group, Shippers Consortium Inc., said the Burlington Northern Railroad has agreed to operate the line for the group under terms of a lease-purchase arrangement. That marks the first significant expansion in Iowa by the BN, the state's second-largest railroad.

The line runs between Council Bluffs and Bayard in Guthrie County, and it serves 21 businesses along the way. It was part of the Milwaukee's main line between Chicago and Omaha, before the railroad pruned it from its system in an attempt to get out of bankruptcy.

REGISTER MAP BY DAVID SILK



The purchase and BN lease were worked out during year-long negotiations that involved the shippers and bankers and community leaders from towns along the line, said the president of the shippers' group, Roger Koppen of Yale. The principal organizers of group were the Bayard elevator owned by Mid Iowa Cooperative, which Koppen manages; AGRI-Industries Inc., which operates a large soybean-processing plant at Manning; and Community Grain Co. of Coon Rapids, which is owned by the Garst family.

Wednesday's announcement was hailed by a state transportation official, Les Holland, who said the deal will ensure that an important means of hauling Iowa grain and products to markets worldwide is preserved. And Koppen and an AGRI-Industries executive, Maurice Van Nostrand, said the access to the Burlington Northern's vast 30,000-mile system and its routes to the Gulf of Mexico and Pacific Coast will mean that farmers in western Iowa will get the best prices possible for their corn and soybeans.

"It makes you feel jittery when you have to operate without rail service," said Van Nostrand. "There's no question; the Burlington Northern will be a big help. It will give us the best of all possible marketing options."

AGRI-Industries' plant at Manning processes 11 million bushels of soybeans a year, producing enough oil and meal to fill 2,100 railroad cars, Van Nostrand said. Since April 1981, when the North Western Railway ended its temporary service on the Milwaukee line, the plant's 1,000-ton-a-day output has had to be moved by trucks.

Koppen, whose Bayard elevator ships about 700 cars of grain annually, said the deal with the Milwaukee's bankruptcy trustee and the Burlington Northern is important to the welfare of the dozen towns and elevators along the rail line. "If the communities are to grow and our businesses are to grow, we have to have a railroad to make that happen," he said.

The Burlington Northern expects to have its trains rolling over the line by Nov. 1, Koppen said.

Under the terms of the deal, the shippers' group made a $1 million down payment to the Milwaukee Wednesday. The group will pay another $5.5 million in 16 months, when the deed to the line actually changes hands. During the 16-month period, the BN, in effect, will pay the Milwaukee $1.2 million to operate on the line, Koppen said.

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Railroad Service Ordered Continued

Wednesday, September 22, 1982—THE JANESVILLE GAZETTE—

Gazette Madison Bureau

MADISON—A federal judge has accepted a state Department of Transportation request and ordered the Milwaukee Road to continue service on its Janesville-Madison and Burlington-Beloit lines.

District Judge Thomas McMillan of Chicago Monday ordered the service to continue despite a recommendation by the Interstate Commerce Commission that abandonment be permitted.

Wisconsin DOT officials had argued the railroad should continue operating on the line while DOT conducts an appraisal of the line's value. The department is helping efforts by the Wisconsin River Railway Transit Commission, made up of local governments along the line, to acquire and operate the line when the Milwaukee Road completes abandonment.

DOT had asked the judge to order service through Feb. 1, 1983. The judge did not set a specific date but James Smith, a DOT spokesman, said the judge's order should mean shippers along the 34.6 mile Janesville-Madison line will have service from either the Milwaukee Road or a shortlin e operator through that date... "I wouldn't go so far as to say it's a guarantee (but) in all probability the railroad will be required to continue to that date," Smith said.

Rail Abandonment Objection Raised

Janesville Gazette Sat Sept 18 1982

Gazette Madison Bureau

MADISON—The state Department of Transportation has objected to the proposed abandonment of the Milwaukee Road's Janesville-Madison and Beloit-Burlington lines.

The Interstate Commerce Commission has recommended that abandonment. District Judge Thomas McMillen was to hold hearings on the abandonment.

The department said abandonment of the 36.4-mile Madison-Janesville line is not signficant to the proposed Milwaukee Road reorganization, but that numerous shippers and communities would be hurt by the abandonment.

The petition said the Milwaukee Road can only get its $2.7 million asking price for the track if a governmental body offers to finance the acquisition to preserve or restore rail service.

However, the department said the railroad has not provided needed real estate and track documents to allow a complete appraisal of the line.

If service on the line is dropped before an appraisal can be completed, no opportunity would exist for a negotiated acquisition, the department said.

Continued operation to at least Feb. 1, 1983, would permit completion of the appraisal and permit the railroad to earn additional revenue in the interim, the department said.

Madison to Janesville rail abandonment is blocked

Wisconsin State Journal, Thursday, September 23, 1982

A federal judge in Chicago has temporarily halted the Milwaukee Road abandonment of its 36-mile line between Madison and Janesville, thus allowing the state Department of Transportation more time to buy the property.

The state, through the Wisconsin River Rail Transit Commission, has offered the railroad $910,000 or roughly $25,000 a mile.

The Milwaukee Road, based in Chicago, has placed the value of the route at $2.7 million. State officials say an appraisal could be completed early next year.

The DOT has said the $25,000 is only a starting point in the negotiations. It is the same figure the state used when it purchased a Milwaukee Road line from west of Middleton and to Prairie du Chien earlier this year. The value of rail property may vary considerably, depending on who handles the appraisals, location of the line and future use.

Although Judge Thomas McMillen recognizes the need for continued service, it is not clear how long the Milwaukee will be required to operate the line until a short-line operator takes over.

John Zerbel, operator of the Central Wisconsin and Wisconsin Western railroads, plans to operate the lines. Zerbel, Brookfield, has expanded his short-line operation considerably in the past year in southern Wisconsin.

The Wisconsin Shippers Alliance of Rail Consumers, based in Stoughton, is a group of shippers fighting to save service on the line.

In his decision, McMillen also temporarily enjoined the railroad from abandoning the Beloit-to-Burlington line.

Milwaukee Journal Sunday August 22 1982

Railroad head is optimistic

Sauk City, Wis. —AP— Even if there is no substantial improvement in the economy soon, the president of the Wisconsin Western Railroad Co. believes his firm can survive.

The company last month began serving communities from Middleton to Sauk City, and the firm's president, John Zerbel, said he expected service to be restored to Prairie du Chien within 15 days.

Zerbel's company acquired rights to the Middleton-Prairie du Chien line from the Milwaukee Road, which was forced to abandon the route when it filed for reorganization under federal bankruptcy laws.

An agreement between the Wisconsin Department of Transportation and the Wisconsin River Rail Transit Commission, a sub-group of the Southwestern Wisconsin Regional Planning Commission, allowed Zerbel's company to take over the line.

Under the $2.9 million agreement, the state agency acquired 80% of the track, and the counties in the planning commission acquired 20%.

Zerbel, who said the firm's initial objective was to operate safely, said his company had been inspecting the tracks and had already repaired a bridge over the Wisconsin River west of Lone Rock.

Zerbel said his goals included hooking the Middleton-Prairie du Chien line up to one he is running from Madison to Freeport, Ill.

Zerbel, whose office is in Brookfield, said that once service was restored to the Mississippi River, he expected that his firm would handle grain shipments that could be loaded on barges and floated down to New Orleans and then overseas.

Although he admitted that the volume of business would depend on whether prices to farmers rise enough to cause them to stop stockpiling and sell their grain, Zerbel said he was optimistic about his firm's future.

"We'll make it go, regardless (of the economic) situation because we know our goals," he said.

Minneapolis Star/Tribune
September 28, 1982

Wirth's Depot payment deadline set for Thursday

By Jacqui Banaszynski
Staff Writer

Developer Harry Wirth has until Thursday to convince a federal bankruptcy court judge that he has enough money to buy the Milwaukee Road depot in downtown Minneapolis.

In a hearing Monday in Chicago, U.S. District Judge Thomas McMillen granted Wirth a four-day extension on his deadline to buy the 15.5-acre depot site for $9.5 million cash.

The extension was granted after Wirth's attorneys presented a letter and telegram from an international investment firm that said it has agreed to form an equity partnership with him and to commit as much as $50 million to buy and redevelop the depot property.

"He (Wirth) was instructed to come back at 10 a.m. Thursday with evidence of his arrangements with the new firm," said Mike Sullivan, an attorney for the Milwaukee Road. "That means details, not generalities."

The judge, who is overseeing the financial reorganization of the bankrupt railroad, probably will want some proof that enough cash to buy the depot has been made available to Wirth, Sullivan said.

Late last week Wirth announced his partnership with Maskatiya, Suri and Co., Inc. (MSI), an investment banking firm with headquarters in London and offices in Santa Clara, Calif.; New York; Dubai, United Arab Emirates, and Karachi, Pakistan.

MSI owner Karim Maskatiya said in Minneapolis last week that his firm was going to place $8.5 million in an escrow account to fund the purchase of the depot property. An additional $42 million would be placed in escrow later to pay for initial redevelopment and to help attract other investors, he said.

Wirth has partners, but seeks more time

By Jacqui Banaszynski
Staff Writer

Developer Harry Wirth said Friday he has formed an equity partnership with an international investment firm to buy and develop the Milwaukee Road depot property in downtown Minneapolis.

Wirth, who faces a Monday deadline to buy the 15.5-acre depot site, said he has received a commitment for $50 million from Maskatiya, Suri and Co., Inc., (MSI) an investment banking firm with headquarters in London and offices in Santa Clara, Calif.; New York; Dubai, United Arab Emirates, and Karachi, Pakistan.

Wirth said he will ask Milwaukee Road officials for an extension on the purchase deadline, possibly until Oct. 21, while he works out details of the partnership with MSI.

"We are carrying through on the plans we have talked about for the last year and a half," he said at a press conference late yesterday.

Wirth, president of Waterfront Companies, Inc., has been trying since last November to gather enough money to complete his $9.5 million cash offer for the railroad property. He has missed five purchase deadlines since February, but has been granted extensions each time. In return for those extensions, he has made more than $2.2 million in nonrefundable cash deposits to the railroad.

As recently as two weeks ago, Wirth was trying to secure loans from at least two California banks and had asked the city of Minneapolis to cosign his loan application.

But yesterday he said he is no longer involved with the California banks and that he has been negotiating the joint venture with MSI for about a month.

Karim Maskatiya, owner of MSI, said during the press conference that his firm will place $8.5 million in an escrow account in Minneapolis next week for the purchase of the depot property. An additional $42 million will be placed in escrow later to pay for early development of the depot site and to attract other investors, he said.

Maskatiya described his firm as "investment bankers with international clients." A press release prepared by Wirth said MSI controls an investment portfolio in excess of $200 million and serves as financial adviser to many of the ruling families in the United Arab Emirates.

"This is one of the projects we've decided to fund," Maskatiya said. He said his firm previously has invested in similar large developments in Hong Kong, in Vancouver, British Columbia, and in the San Francisco area. He declined to name the projects, saying, "normally we don't like to get publicity."

If MSI is satisfied with its partnership with Wirth, it may invest more money to help complete the $220 million development of the depot site, Maskatiya said. He also indicated that his firm might assist Wirth in his dream of rebuilding more than 100 acres of downtown property along the Mississippi River. That project would take 20 years and cost more than $1 billion, Wirth has said.

"MSI comes to this project with a great background in other projects and with enough funds to help us carry out our fondest dreams," Wirth said. "We're looking forward to rolling up our sleeves and going to work."

Wirth said he wants to complete the depot purchase by mid-October. Renovation of the old railroad depot and train shed, and ground-breaking for construction of new office and condominium buildings, would begin by next spring, he said.

Meanwhile, talks are continuing with other potential investors, including with a joint venture firm composed of the Soo Line and the Cowles Media Company, according to Edward Mendell, a California hotel owner and real estate developer who is one of four principal stockholders in Waterfront Companies.

Mendell said at the press conference that "no doors have been slammed" on the possibility of other partnerships. He said officers of Waterfront Companies talked as recently as yesterday with officials of the Soo Line and the Cowles Media Company. Those firms have expressed an interest in buying a portion of the depot property in an effort to gain control of railroad tracks and the Washington Av. viaduct. The Milwaukee Road wants to abandon that trackage.

Miles City Star September 14, 1982

fighting for survival

By JOHN HALBERT
Star Staff Writer

The Burlington Northern Railroad is engaged in what its officials see as a fight for survival in tough economic times. The end goal is to increase productivity and profit.

It is extensively reorganizing its system, shifting some jobs and eliminating others. About 800 Montana jobs have been lost in the shakeup.

"Change is always traumatic because it involves people. The rationale for changes is to make us more efficient and productive. We don't want to become like the Milwaukee or U.S. Steel, essentially non-competitive," said Richard Bressler, chairman of the board of Burlington Northern, Inc., holding company of the Burlington Northern Railroad.

"Only the strong are going to survive in this business," said Richard Grayson, chief executive officer of the BN Railroad. "We are spending the money and doing the things to stay strong. We don't want another Milwaukee situation in this part of the world."

Much of the recent efforts at streamlining the railroad have come from personnel layoffs. This Grayson attributed to both current economic conditions and to consolidation after the merger of the BN and the St. Louis-San Fransisco Railway Co. in late 1980.

Consolidation of facilities is another reason for the layoffs. BN is in the process of moving its division headquarters to Billings from Glendive.

Bill Thompson, the railroad's Billings region vice president, said the relocation would allow for joint use of advanced communications and dispatching equipment, as well as a savings in personnel.

"We have between 10,000 and 11,000 less employees than at this time last year," Grayson said, "but we also have substantially less business than at this time last year. Our productivity factor hasn't measured up to our peer group's."

"Our (layoff) program doesn't take out just blue-collar workers," Grayson added. "I would like to say that there will be enough growth that we won't have to cut anymore. But I can't promise that. I don't think we would hire everyone back even if we had a fast recovery."

Grayson and Bressler both said rumors that BN track maintenance is being cut back are untrue.

"We are spending substantially more for maintenance of track," Grayson said. He said the recent season's program of track upgrading is "one of the largest ever undertaken.

"Almost all other railroads in the country cut back on those programs, as well as cutting capital programs. It's going to cost us (to keep up the maintenance program), but it would cost more next year," Grayson added.

"As a company, we have not cut back on capital spending. We have increased it, both on our railroad and in our oil and gas operations," Bressler said.

Maintenance of railroad cars has been cut back, Grayson said, blaming the economic conditions and a surplus of cars in the company.

"Our car fleet is too big," he said. "One third of our cars and 20 percent of our locomotives are idle. We are retiring our older cars. It doesn't make sense to repair cars we don't need."

Des Moines Register
September 18, 1982

Truckers chief disputes report

The chairman of the American Trucking Associations on Friday characterized as "a study in distortion" a recent federal highway taxes report that recommended considerably higher taxes on trucks.

"They must have conducted that study at an amusement park inside a house of mirrors," Richard Few told members of the Iowa Motor Truck Association at their annual convention in Des Moines.

Few, the president of a Greenville, S.C., trucking company, added: "The study is based on the view that only axle weights cause damage and wear on highways, completely ignoring weather and environment, which also play a significant role in highway wear and damage."

Few said he realized there eventually will have to be an increase in highway-user taxes because the nation's roads are deteriorating, but he cautioned lawmakers against using the trucking industry as a "sacrificial lamb."

He said that heavy tractor-trailer trucks paid 25 percent of the $7 billion that went into the federal highway trust fund in 1980.

"I'm not talking about peanuts," he said. "I am talking about $1.75 billion. These trucks ran up only 5.5 percent of the mileage and paid 25 percent of the federal tax bill."

The federal study found that trucks — particularly the heaviest of the rigs — are not paying their fair share of highway-user taxes, based on the wear and tear to roads the government report attributed to them. The study recommended a number of solutions, all of which would greatly increase the taxes truckers pay.

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Kansas City Star August 31, 1982

Truckers should boost safety, official says

By Rhonda Chriss Lokeman
staff writer

The chairman of the National Transportation Safety Board criticized the trucking industry today for not doing enough to reduce accidents at railroad grade crossings.

James E. Burnett Jr. said trucks account for 30 percent of the accidents with trains at rail crossings and said truckers could take a lesson from the railroad industry.

"I have not seen the trucking industry taking as active an involvement in crossing safety as the railroad industry has." Mr. Burnett told the National Railroad/Highway Safety Conference at the Westin Crown Center hotel today.

Mr. Burnett was keynote speaker for the opening of the conference, which ends Thursday.

In 1978, he said, about one of 12 of the nation's accidents at rail crossings were fatal. By 1981 about one of 14 resulted in deaths.

The credit goes to Operation Lifesaver, the railroad industry's safety education program, he said.

"Between 1978 and 1981 we've seen a 40 percent drop in fatalities at railroad crossings. Now if we had a story like that to tell about the aviation industry, it would be front-page news," he said.

Mr. Burnett urged the rail representatives to put reflectors on rail cars.

About 1,300 accidents annually involve a car running into a train at night, Mr. Burnett said.

About one-quarter of the nation's railroad crossings have signals, Mr. Burnett said.

"A train has the right of way, of course, because the train cannot stop quickly. But I think I have the right to see that train when it's coming," he said.

KANSAS CITY STAR SEPTEMBER 3, 1982

Truck, train groups study collisions

Competing industries find common ground

Rhonda Chriss Lokeman
staff writer

Two fierce competitors, the railroad and trucking industries, are trying to push aside their differences and work on a common problem—collisions between trains and trucks.

Both industries are particularly concerned about accidents involving hazardous and explosive materials and a 64 percent increase in collision fatalities since 1979.

Officials of both industries had an opportunity to exchange horror stories and discuss possible solutions at a workshop Thursday at the National Railroad/Highway Safety conference at the Westin Crown Center Hotel. The conference began Monday and ended Thursday night.

In 1981 there were 64 collisions involving trains transporting hazardous materials, according to the National Transportation Safety Board.

Federal studies show that between 1975 and 1979 there was an average of 62 accidents a year involving collisions between trains and tank trucks. Missouri and Kansas each averaged six collisions a year during that time.

"If we're going to get anywhere, we're going to have to quit picking on one another," said Jerry O'Driscoll, director of hazardous materials and safety for the Southern Railways System. Mr. Driscoll urged those in the railroad industry to stop making "whipping boys" of the trucking industry and to develop a plan to work together.

But both industries feel they have legitimate gripes about the other side.

Those in the railroad industry want truckers to observe railroad signs and signals and to stop at crossings, as is required by law in some states.

Because trains travel at a higher speed, they add, it is the truckers' responsibility to look out for trains.

Those in the tank carrier business complain that there often is not enough warning time for trucks to stop or get across the tracks before a train arrives.

Both sides agree on one thing: The biggest problem is that drivers of tank carriers, even those with most experience, are not stopping at the crossings.

Albert B. Rosenbaum III, assistant managing director of National Tank Truck Carriers Inc., went so far as to call truck drivers "the largest unsupervised worker on the road.

"He's a driver just like an automobile driver is, and sometimes he has other things on his mind. He makes mistakes," Mr. Rosenbaum said.

It was announced at the workshop Thursday that a special group will be formed this fall in Virginia to advise law enforcement agencies and the trucking and railroad industries on the collision problem. The board would include representatives from the industries and the state police. The Virginia effort is expected to serve as a model to determine whether the two industries can work together to reduce the number of accidents.

Chicago Sun-Times, Tuesday, September 28, 1982

U.S. fights for Soviet grain sales

By Bruce Ingersoll
Sun-Times Bureau

WASHINGTON—So overwhelming is the prospect of the another bin-busting, record-breaking grain harvest swamping the market that Agriculture Secretary John R. Block cannot help but pine for the pre-embargo days, when the Soviets were the American farmer's best customer.

In 1979, the Soviets got 78 percent of their grain imports from the United States. But in January, 1980, an angry President Carter all but slammed the granary door on them after they invaded Afghanistan.

"If they were still buying 70 percent of their grain from us," Block said, "we would not have a farm problem today."

At his urging, President Reagan lifted the embargo, but not before Argentina, Canada and other grain-exporting nations had captured far bigger shares of the Soviet market for themselves.

"THE LINGERING effects are disastrous for us," Block said in an interview with the Sun-Times.

Some agricultural economists would argue that Block is exaggerating the impact, seeing how the United States managed to partly offset the loss of Soviet business by exporting more grain to other countries, including some of Argentina's old customers.

But none would take issue with his view that the United States may never be able to recapture its pre-embargo share of the enormous Soviet market. Other nations, for one thing, have signed grain-purchase agreements with the Kremlin. It is also unlikely that the Soviets will ever let themselves become so heavily dependent on just one country.

Nonetheless, the Reagan administration is trying to restore Soviet confidence in the United States as a reliable source of grain and to "fight our way back into that market," Block said.

"We were at a low of 25 percent [in 1980]. We'll be back to 35 at the end of this year. My objective is to reach 45 percent in another year."

WITH THE AMERICAN horn of plenty about to burst from back-to-back bumper crops and with corn and wheat prices distressingly low, there's more than a little urgency to Block's efforts.

Reagan's decision to extend the five-year grain-purchase agreement with Moscow for yet another year smoothed the way for consultations with Soviet negotiators Oct. 28-29 in Vienna.

"We will be offering a large volume of grain," Block said. "I don't have the figure yet, but we're certainly not going to be restricting sales of grain to the Soviet Union.

"When the president said 'The granary door is open,' that's exactly what he meant."

The Agriculture Department and some grain traders expect the Soviet Union to buy 44 million metric tons on the world market in the 1983 trading year, which began July 1. The Soviets apparently had another poor crop, but so far they have been buying grain at a puzzlingly slow rate. One view here is that they are awaiting the outcome of the Vienna consultations. Another is that they are strapped for foreign exchange.

Were the Soviets to fill 45 percent of their projected 1983 overseas order with American grain, as Block hopes, the United States would ship them about 20 million metric tons, or roughly 800 million bushels.

That, Block said, would help relieve this nation's grain glut. The Agriculture Department forecast calls for three record harvests this fall—8.3 billion bushels of corn, 2.8 billion bushels of wheat and 2.3 bushels of soybeans. This avalanche of grain will pile up on the huge carry-over from last year's bumper corn and wheat crops and pin down already depressed prices.

American agriculture is plagued by superabundance—too much production, which depresses farm income, and too much debt, which farmers find especially burdensome in these times of high interest rates.

U.S. farm income this year is expected to fall to $19 billion, the lowest mark, when adjusted for inflation, since 1933. Farm debt—currently at more than $180 billion—is nine times greater than farm income.

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Industrywide rail pacts near the end of the line

The four-day strike in September by the Brotherhood of Locomotive Engineers was too short to inflict much damage on railroads or their customers, but it may have major implications for the economy. The settlement that Congress imposed on the BLE ended a long round of talks that exposed growing splits within both rail management and labor over how to deal with the increasing competition created by deregulation. These pressures may erode the current system of national rail bargaining and lead to a new structure in which carriers negotiate for themselves, reducing the likelihood of future nationwide rail walkouts.

"National bargaining is nearing its end," declares Fred A. Hardin, president of the 180,000-member United Transportation Union, the largest rail union. One split occurred last November, when unions representing clerks and workers who maintain equipment and road beds settled separately. This splintering of the union alliance impaired the ability of the BLE and the UTU to resist industry demands for stricter work rules for their members. Even more surprising was BLE President John F. Sytsma's decision to lead his 26,000 engineers on a walkout after the UTU had accepted terms based on the recommendations of a Presidential board that appeared to favor both unions. Says Hardin: "The companies have different goals, and so have we, and this round of bargaining shows it."

Strained alliance. This could profoundly affect rail bargaining. Individual agreements at the industry's 46 roads would reduce chances for national rail strikes—and for federal intervention.

If roads dealt individually with unions, federal intervention might be reduced

They also could increase chances for strikes at individual carriers, for which some roads are preparing. One carrier that is considering withdrawing from the National Railway Labor Conference, the industry's bargaining arm, before the next round of talks in 1984 has set up a task force to study how to operate in the new atmosphere. "We think there will be less of a tendency for the government to stop selective strikes, so we are going to train more management people to operate trains," says an executive of this road.

Charles I. Hopkins Jr., the industry's chief negotiator, disagrees that national bargaining will end soon. But changes in the industry are straining its negotiating alliance. Deregulation has done away with uniform rate structures, leading to rate-cutting that in turn pressures each road to cut costs. Moreover, Western roads such as Burlington Northern Inc., which primarily runs unit trains that haul coal and grain, need fewer clerks and operating employees than do Eastern railroads, which must assemble trains carrying a much wider variety of freight. Western roads also have longer hauls, so they are eager to cut crew sizes but willing to pay higher wages. Labor-intensive Eastern roads, by contrast, would rather hold down wages.

Indeed, after the UTU, which represents conductors and brakemen, agreed to crew-size reductions earlier this year in exchange for higher pay, the Atchison Topeka & Santa Fe Ry. Co. agreed to maintain a 15% wage premium that engineers held over UTU members. But in the national bargaining, where Eastern roads are heavily represented, industry negotiator Hopkins demanded that the BLE give up its right to strike during this agreement over pay issues, including the 15% differential. This was the issue over which the BLE walked out until Congress passed a law incorporating the industry's demand in an agreement. The walkout angered Hardin, who had agreed to give up the UTU's right to strike during a contract.

Different solutions. The priorities of rail unions are diverging on other issues as well. The loss of 100,000 jobs since 1972 to bankruptcies, mergers, and route abandonment concerns all the unions. But their solutions are different. Hardin prefers to bargain job protection and severance pay at individual roads he believes will make generous settlements, rather than in national talks. The Brotherhood of Railway, Airline & Steamship Clerks, on the other hand, emphasizes protection for workers whose jobs are affected by computer technology. Another example: BRAC leaders want to negotiate health benefits more suited to clerical workers instead of belonging to the current industrywide health program, which stresses treatment of accident injuries and thus favors the UTU.

One benefit of localized bargaining might be to make the Railway Labor Act less applicable to rail talks. The act was passed 56 years ago to head off nationwide strikes, and Congress has used it four times in the past 19 years to impose settlements. But President Reagan's emergency board concluded that unions and management put "excessive reliance on intervention by the government and third parties" to avoid making tough bargaining trade-offs. Indeed, sources say, Sytsma privately sought government intervention to avoid taking responsibility for the BLE's new agreement. More localized bargaining might help avoid this problem in the future. ■

Business Week October 11, 1982

Canada is much more than the U.S. attic

Americans tend to view Canada as a nation similar to their own, sort of the attic of the United States. Yet, Canada is a very different place, and one of its more striking national characteristics is its vast internal differences. Canadians, it is said, sometimes seem to have only one thing in common: a map — and a rather large one at that.

By Kristin Shannon and Peter Regenstreif

"SOME COUNTRIES have too much history," Prime Minister Mackenzie King once said. "Canada has too much geography." The intense cold and forbidding landscape of northern Canada — thick forests, mountains, frozen tundra — have discouraged settlement ever since the first permanent colonists, led by Samuel Champlain, stepped ashore in New Brunswick in 1604. Today, three-fourths of Canada's 24 million people live and work where it is warmest, within 100 miles of the U.S. border.

Isolation, reinforced by ethnic differences, has bred distinct regional cultures in Canada. Descendants of the original French colonists dominate the province of Quebec. But Newfoundland, Nova Scotia, Prince Edward Island — these are bastions of the descendants of early English and Scottish settlers. Farther west, Ukrainian and German communities dot the landscape. The result is strong local allegiances.

In 1907, Canadian nationalist Henri Bourassa lamented: "There is Ontario patriotism, Quebec patriotism or Western patriotism, each based on the hope that it may swallow up the others, but there is no Canadian patriotism."

OPTIMISTS, ESPECIALLY provincial politicians, extol Canada's "unity without uniformity." But regional economic and cultural differences have, since the early 1970s, become increasingly troublesome. Canada's constitution leaves many responsibilities in the hands of its 10 provincial governments, and their leaders have been feuding bitterly with the national government in Ottawa and among themselves over the division of governmental powers. In French-speaking Quebec, a powerful movement has been pressing since the early '60s for independence of some sort from the rest of Canada.

In truth, Canada is showing the strains partly imposed by sheer geography of its 3.8 million square miles. In addition to the vast but nearly uninhabited Yukon and Northwest Territories (both governed directly by Ottawa), there are five distinct Canadas inside Canada:

- British Columbia, like the American Northwest, enjoys a relatively mild climate and is rich in natural resources — lumber, fish, copper, and zinc. Cut off from the rest of the country by the Canadian Rockies, it has a California-style ambience.
- The Prairie "breadbasket" provinces — Alberta, Saskatchewan, Manitoba — produce more wheat each year than 10 South Dakotas, making Canada the world's No. 2 grain exporter.
- Ontario, the most ethnically diverse province, is the nation's commercial and industrial heartland. It contains Ottawa, the placid capital, and Toronto, Canada's financial center and, with almost 3 million people, its biggest city.
- To the east of Ontario lies the province of Quebec, the heart of Francophone Canada (80 percent of its citizens are of French descent). Quebec's economy is based on mining, forestry and light manufacturing.
- On the rugged east coast lies a fifth Canada, the Atlantic provinces — New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island — dominated by the descendants of early British, particularly Scottish, settlers. Dependent chiefly upon fishing and forestry, the Atlantic provinces have long been Canada's economic poorhouse.

Underlying all of these differences is one question: Must Canada remain a loose collection of 10 provinces, or can it become a genuine political community?

THE DILEMMA OF modern Canada is reflected in the situation of its dominant political party, the Liberals. Headed for 15 years by Pierre Elliott Trudeau, the Liberals have held power in Ottawa for 74 of the last 86 years. But, in recent years, Quebec separatism and the disputes over energy policy and the division of powers have worn away the "Liberal consensus" that long gave the country a sense of direction.

Trudeau, an advocate of a more centralized regime, first became prime minister in 1968. The Liberals suffered a defeat in the 1979 election thanks mostly to the country's sagging economy, but Trudeau was returned to power the next year when Progressive Conservative Prime Minister Joe Clark's government fell.

After the February, 1980, election brought Trudeau back to power, Liberal strategists decided they would have to move quickly to reassert their presence and establish a firmer constitutional basis for the stronger role that they needed Ottawa to play. But before Trudeau and the Liberals could take any action at the federal level, they had to deal with the approaching referendum on the status of Quebec. The issue: Should Quebec, for all practical purposes, secede from Canada? Countering secession became Trudeau's Phase One campaign.

One of the leaders in this movement was Rene Levesque, natural resources minister in Quebec's Liberal government during the early 1960s. He came to personify the slogan *Maitres chez-nous* ("Masters in our own House").

Kristen Shannon is chairman of the board of Trans-Canada Social Policy Research, Ltd., based in Montreal, and is the publisher and editor of Canadian Trend Report. Peter Regenstreif is professor of political science and Canadian studies at the University of Rochester.

Continued

THE MAY, 1980, referendum asked Quebec's voters to authorize the provincial government to begin negotiating for "sovereignty-association." On May 20, 1980, almost 60 percent of the voters said *"Non."*

With the Quebec question at least temporarily shelved, the Liberals were free to move to Phase Two, the Constitution.

In a June, 1980, conference, Trudeau laid before the 10 provincial premiers a 12-item constitutional package that would strengthen Ottawa's powers. In addition, Britain would give up its last formal hold over Canada, the authority to approve amendments to the Canadian constitution. The most controversial of Trudeau's changes was a proposed national Charter of Rights (similar to the U.S. Bill of Rights), particularly its guarantee of bilingualism throughout Canada. This would require that education and public business be conducted in both French and English.

Some of the premiers from English-speaking provinces objected, but Levesque protested loudest of all. Canada is officially bilingual even now, but Quebec, taking advantage of the porous constitution, has been taking steps to curb the use of English in its domain — for example, by prohibiting the language on commercial signs in the province.

British Columbia, Alberta, Newfoundland and Nova Scotia, meanwhile, objected to provisions of the Trudeau constitution that would strengthen Ottawa's hand in setting oil and gas prices and taxes.

Throughout the bickering, Trudeau warned the premiers that if no agreement were forthcoming, he would go over their heads and ask the Canadian and British Parliaments to pass his proposals. Utlimately, he did just that. But after the Canadian Parliament approved the package, Canada's Supreme Court ruled that Trudeau was bound by tradition (though not law) to obtain provincial consent.

TRUDEAU WENT back to the conference table with the premiers and emerged with a compromise: All of his proposals remained intact, but an escape clause was added allowing any province to exempt itself from the Charter of Rights for five years at a time. Nine of the premiers agreed to the new formula. Levesque dissented. Last December, the Canadian Parliament again endorsed the package and sent it to the British Parliament, which finally voted its approval on March 25, 1982.

It would appear from the events of the last year or so that, in domestic politics, Canadians and Americans are heading in opposite directions: Canadians toward increased federal government involvement; Americans under the "New Federalism" toward a reduced role for the central government. But this is slightly misleading. The future will probably see a lowered profile for government in general, and for the federal government in particular, and a greater emphasis on provincial values — this is what Canadians themselves seem to want.

IT IS FAR more difficult to say how the Quebec issue will evolve. Levesque was re-elected last year and he has vowed to continue his fight. Early in 1982, he implicitly abandoned the ideal of holding another referendum, saying instead that he will regard victory in the next provincial election, which must be held by 1986, as a mandate to pursue "sovereignty-association." The outcome may well depend on how much freedom of action Quebec enjoys under the new Constitution.

Yet Canada will surely endure, if not as a "peaceable kingdom" then in fractious cohesion. As former Progressive Conservative Party head Robert Stanfield concluded five years ago: "I suppose there are times when we ask ourselves whether we deserve to survive as a country. But I believe we will survive somehow, if only from habit."

Canada

Population: 24.1 million [1981 estimate]

Geography: 3.85 million square miles, the world's second largest country

Capital: Ottawa

Per capita income: $6,936 [1982 estimate in U.S. dollars]; U.S.: $9,139 [1982]

Head of state: Queen Elizabeth

Head of government: Prime Minister Pierre Trudeau

Major industries: Motor vehicle manufacturing, petroleum refining, pulp and paper products, slaughtering and meat processing, iron and steel production.

Major minerals: Nickel, platinum, zinc, antimony, cobalt, copper, gold, silver, iron, lead

Literacy rate: 98 percent [1977]

History: The French discovered Canada in 1534 but lost control to the British in 1763, retaining rights to their own language, religion, and civil law in Quebec. The British North America Act of 1867 established a government modeled after the British Parliament and Cabinet under the Crown. Canada became a self-governing dominion of the British Empire in 1931. Empire has given way to Commonwealth, of which Canada is an independent member. April 17, 1982, Canada gained the right to amend its own constitution.

Chicago Tribune Graphic;
Sources: World Almanac, Statesman's Year-Book, Atlas of Man and His World, Canadian Consulate General's office

Milwaukee Journal
September 23, 1982

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Transportation board speaks out on perils

(c) New York Times Service

Washington, D.C. — The National Transportation Safety Board is best known for the grisly work it does sifting through the remains of airliners for clues to crashes.

But recently the board and its members have begun speaking out on a variety of safety hazards in surface transportation, in particular those caused by drivers, engineers and others who drink.

In the last few weeks the board has begun a campaign to persuade states to enact laws prohibiting the consumption of alcoholic beverages by those under 21. It has also called on the Federal Railroad Administration to require train crews to abstain from drinking before taking control of a train, just as the Federal Aviation Administration forbids drinking by flight crews eight hours before they enter the cockpit.

In a recent speech to the Association of American Railroads, Burnett emphasized his concern about the relationship between alcohol and train accidents. About half of all such accidents are said to be alcohol-related, either because the train operator or a driver negotiating a rail crossing has been drinking.

"I find it particularly ironic," said Burnett, "that at a time when the federal government is moving toward inducing the states to exercise their responsibility for getting drunks off the paved road, the federal government itself, through the Federal Railroad Administration, is doing nothing to get the drunks off the railroad."

Joann Sloane, a spokesman for the railroad administration, said no anti-drinking rule had yet been promulgated by the agency. But, she added that Robert Blanchette, the agency's administrator, had talked to rail executives urging them to embark on a self-policing drive.

Des Moines Register
September 25, 1982

Judge grants delay in plans for Rock track

CHICAGO, ILL. (AP) — A federal judge on Friday granted additional time to complete a plan for the bankrupt Rock Island Lines to dispose of nearly 650 miles of trackage in the Southwest.

The court-appointed trustee for the railroad, William Gibbons, has recommended accepting a $55 million proposal to sell 600 miles of track from Salina, Kan., to Dallas and to grant an easement for using about 34 miles of additional trackage from Dallas to Fort Worth, Texas.

However, Gibbons has said his recommendation is contingent on the Federal Railroad Administration granting about $40 million in loans to the Missouri-Kansas-Texas (Katy) Railroad and the OKT Users Association. The users' group and the State of Oklahoma want to buy the 600 miles of trackage, while the Katy is seeking the Dallas-Fort Worth easement.

U.S. District Judge Frank McGarr, who is overseeing the bankruptcy proceedings, granted the trustee's request for a continuance in ruling on the proposal to give the government agency more time to consider the loan application. McGarr set Oct. 7 for the next hearing.

The deal does not include any trackage in Iowa.

Journal of Commerce

Two Articles September 27, 1982

Rails Stand to Gain In Piggyback Market

By KEITH M. ROCKWELL
Journal of Commerce Staff

The nation's railroads stand to make significant gains in their revenues if they can capture a greater percentage of the potential piggyback market from other transportation modes, said an official of the Federal Railroad Adminstration.

In an address to the New York Intermodal Club, John R. Winston, Lrector of public affairs for the FRA, said the intermodal industry has tremendous potential for growth.

"A recent report by a well-known consulting firm indicates that only 9 percent of the potential intermodal market has yet been tapped," he said. "This leaves the intermodal industry with an enviable growth market potential of 91 percent."

A large percentage of the untapped market lies with long-haul freight shipments, he said.

"Piggyback has not yet exploited the long-haul — over 500 miles — merchandise freight market. This merchandise market is four times the size of current piggyback movements," he said.

Mr. Winston said the growing intermodal market will mean greater competition among carriers and greater frequency of service, improved delivery time and less cargo damage for shippers. Railroads will gain an even greater energy savings over trucks, he said, as lighter weight piggyback equipment is put into service.

The versatility of piggyback service has impressed shippers, he said, and business has been good for the railroads despite the sluggish state of the economy.

"Shippers have not been slow in recognizing and utilizing the flexibility of piggyback as a cost-effective alternative to conventional boxcars and trucks," he said. "Even in the current recession figures for the first six months of 1982 show a 6.5 percent increase over 1981 in carloadings of trailers and containers."

As the intermodal business grows, a variety of third-party companies like consolidators and shippers' agents will emerge to market transportation services, manage billings, collection and equipment supplies, he predicted.

As intermodal line-haul and distribution activity increase in the '80s, the southern and western states will see greatest expansion of piggyback traffic, Mr. Winston projected.

He also forecast that piggyback's share of international traffic would expand through the decade.

"Today, shipments that involve single freight bills to and from overseas are generally piggyback for the U.S. portion of the trip," he said. "In the future, as shippers become more accustomed to arranging international traffic flows, piggyback will fit comfortably into the pattern of overseas trade movements."

Rail Discontinues RoadRailer Service

Journal of Commerce Special

CHICAGO — Illinois Central Gulf Railroad is discontinuing use of RoadRailer cars in piggyback service, ending the first long-term revenue use of the intermodal cars in the United States.

The railroad placed RoadRailers — trailers with wheel sets for both highway and railroad use — into service last fall, but they couldn't generate sufficient loads to turn a profit.

The service operated at breakeven for 2-3 weeks, but demand fell off quickly, and the company lost some $500,000 on the service in the first year, according to Harry Bruce, senior vice president of marketing.

"It just frittered off. It would be 60-70 loads per week and we needed 100-110 to break even," Mr. Bruce said. "It was just the economy."

From an operational standpoint, the intermodal vehicles performed very well, he said. The cars were particularly forgiving of flaws in roadbed and track. Mr. Bruce said the Illinois Central would sign another lease for the cars, if and when the economy brings road levels back to a breakeven point.

Milwaukee Sentinel
September 20, 1982

railroad strike

Milwaukee Road Superintendent Norman McKegney said 200 engineers struck his line. Supervisors operated four freight trains Sunday between Chicago, Ill., and Minneapolis, Minn., he said.

"I hope this strike ends tomorrow," McKegney said. "We normally run four trains on Sunday so it isn't too bad today. But tomorrow, like anything else when you don't have anyone working, I expect business to be slow."

On Monday, McKegney said he anticipates curtailing freight train operations 30% to 50% and switching-station operations by 90%.

McKegney said the Milwaukee Road would normally operate about 12 freight trains and 30 switching stations in the state Monday.

"We'll be able to run four to six trains and three switching stations Monday," he said.

Christopher Burger, assistant vice president and manager of the Wisconsin Division of the North Western Railway, said more than 500 engineers on his line struck Sunday.

Burger said supervisors will be able to operate two-thirds of the freight service and one-third of the yard service Monday.

He said the railway normally operates 350 to 400 freight trains during the week and 20 on the weekend.

Burger said other railroad employes, including conductors, switchmen, clerks, mechanics and brakeman will probably honor picket lines and not report to work.

"I would be quite surprised if more than 5% show up for work tomorrow," he said.

North Western Railway has 400 employes in the Milwaukee area and 3,000 to 3,500 statewide, Burger said.

Burger said customers that rely on rail service will receive priority service. Among them are American Motors Corp. in Kenosha, General Motors Corp. in Janesville, paper manufacturers in Green Bay and the Fox River Valley and Wisconsin Electric Power Co., which uses rail lines to ship coal to power plants in the Town of Pleasant Prairie, Oak Creek, Sheboygan and Madison.

Burlington Northern officials said about 25% of its trains would be in service nationally and service in Wisconsin would be cut to about 10% to 15% of its normal level. The trains are being manned by supervisory personnel.

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Tues., Sept. 21, 1982 ■ DES MOINES REGISTER

Iowa railroads at near standstill

From The Register's Wire Services

At least eight coal mines and one auto assembly plant were closed Monday and thousands of commuters were left waiting at the station as a railroad strike cut lifelines to the nation's farms and factories.

Transportation officials in Iowa said the strike will have an impact on this state, but that it would be greater if it occurred during harvest season.

On the first workday since 26,000 locomotive engineers went on strike at 12:01 a.m. Sunday, only about one-fourth of the trains were running on many of nation's major railroads, hauling mainly high-priority cargo such as perishable farm products and the U.S. mail.

Iowa officials said the only trains running in the state were being operated by supervisors and were carrying perishable goods.

"For all practical purposes, the railroads in Iowa are at a standstill," said Harvey Sims, an official of the Iowa Department of Transportation's rail division. "And once the time-sensitive and perishable stuff is delivered, no new trains will be made up during the strike."

Sims said Iowans "are very lucky ... because we are not in the midst of harvesting soybeans or corn. If we were, we would have a shortage of cars and storage space."

Sims said he thinks the strike will be a short one, partly because the harvest season will start soon. "If it's not a short one, we could be in a lot of trouble," he said.

Joe Duncan, a transportation official for AGRI-Industries, a West Des Moines firm that relies heavily on rail service, also said he believes the strike will be over soon.

"We're very optimistic," said Duncan. "Business is down right now, so it's not going to affect us as much as if it happened in the middle of the harvest."

A spokesman for Burlington Northern, which hauls coal from the basin to utility company generating plants in Iowa and other states, said none of the coal trains was moving Monday.

Three union leaders in Iowa emphasized the "good relations we have had with management over the years."

John Giblin of Des Moines, legislative chairman for the Brotherhood of Locomotive Engineers in Iowa, said the strike is "primarily a dispute over money and prestige." He said the the average engineer in Iowa earns about $30,000 and wants to "maintain the disparity" between his wages and the wages paid to other crewmen, roughly a 13 percent difference.

"The primary responsibility for running a train is the engineer's," said Gilbin, an engineer for 25 years.

Giblin and two other union officials — Ron McLaughlin of Ottumwa and Earl Minninger of Cedar Rapids — all emphasized what McLaughlin called "the peaceful relations we have had with management. The last time we were on strike was in 1946."

Minninger, an engineer for 35 years, said: "Everyone's waiting to see what's going to happen. I think there's going to be a 60-day cooling-off period. I just can't see arbitration at this time."

Minninger said the Crandic railroad, which runs between Cedar Rapids and Iowa City, is not affected by the strike because its engineers are affiliated with the United Tansportation Union.

Union officials said about 750 engineers are on strike in Iowa and that picket lines have been set up at Beverly, Boone, Clarion, Clinton, Council Bluffs, Davenport, Des Moines, Dubuque, Fort Dodge, Fort Madison, Mason City, Muscatine, Ottumwa, Sioux City and Waterloo.

Dave Brown, 31, of Indianola, was on the picket line at the North Western Railway tracks across from the Armstrong Rubber Co. plant in Des Moines Monday.

"We're going to just wait and see," he said.