Corporate Relations

M E D I A   M O N I T O R   December 22, 1982

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Chicago Sun Times
December 15, 1982

Milwaukee Road trustee Richard B. Ogilvie was given federal court authority Tuesday to draw down the balance of proceeds of property sales held in a previously established escrow account of $60 million. About $40 million already has been used for improvement projects and operations expenses.

Wall Street Journal Dec. 20 '82

Transportation Bill For $10.6 Billion Is Sent to Reagan

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON—Congress sent to President Reagan a $10.6 billion transportation spending bill for fiscal 1983.

The president is expected to sign the measure, which, combined with $900 million that Congress voted to transfer from canceled interstate highway projects to state and local transit and road programs, will authorize $11.5 billion in transportation financing for the year that began Oct. 1, up from $10.75 billion in fiscal 1982.

The spending bill includes $1.2 billion in federal operating subsidies for mass-transit systems, down from $1.37 billion in fiscal 1982. The Reagan administration had wanted those subsidies cut to $1 billion and threatened a presidential veto if the sum weren't reduced from the House-passed figure of $1.3 billion.

The bill will increase financing for the Federal Aviation Administration's modernization of its air traffic control system to $625 million from $450 million in fiscal 1982. Coast Guard money will rise to $2.4 billion from $2.2 billion, while basic transit financing will be held at about $2.8 billion. Subsidies for the Amtrak passenger-train system will be trimmed to $700 million from $735 million in fiscal 1982.

Apart from the bill's basic financing amounts, authority for capital-spending grants for airports was raised to $600 million from $450 million in fiscal 1982. Highway financing was held steady at $8.1 billion. The legislation also forgives a $110 million debt that the St. Lawrence Seaway Development Corp., a Transportation Department unit, owes to the Treasury.

Finally, the measure will require states to allow trucks up to 102 inches wide on interstate and many other highways that receive federal money. Currently, 47 states don't permit trucks wider than 96 inches.

Journal of Commerce
December 20, 1982

Milwaukee Fund Use Is Approved

Journal of Commerce Staff

The Milwaukee Road Railroad has been given access to $20 million in proceeds from property sales in order to underwrite railroad expenses and capital improvements in 1983.

Authority was granted by U.S. District Court Judge Thomas R. McMillen to use the balance of $60 million in cash kept in an escrow account.

Railroad trustee Richard B. Ogilvie said about $40 million of the fund already has been used for rehabilitation, improvement projects and operations.

The Milwaukee Road is in the process of reorganizing as its track miles are reduced to concentrate service in the Upper Midwest. The line had been a transcontinental carrier.

Mr. Ogilvie noted that sale of a part of the railroad's former main line in South Dakota and Montana had been an important step in the reorganization process. A state railroad authority is operating the trackage in South Dakota.

Milwaukee Journal December 10, 1982

Study backs high-speed train

A high-speed electric train featuring a $40 round-trip fare between Downtown Milwaukee and Chicago's O'Hare International Airport is technically and financially possible, according to a study released Friday.

At a news conference presenting the study, Rep. Henry S. Reuss (D-Wis.) said the high-speed train system could be completed by 1991.

The study was prepared by the Budd Co., a US firm with exclusive license to build electromagnetic passenger trains developed by Thyssen Henschel, a West German firm. The study was commissioned by Reuss, County Executive O'Donnell and Gov. Dreyfus. Its cost of $40,000 was financed by the county, state and federal governments and Wisconsin Electric Power Co.

The study estimated the cost of building the system at $1.2 billion in 1982 dollars. The preliminary operating and maintenance costs would be $13 million a year. The Budd report recommended detailed ridership studies to determine fare structures.

Those studies, Reuss said, are under way at the Illinois and Wisconsin Departments of Transportation with results expected early next year.

As an example, the study projected that a $40 round-trip fare would require a ridership level of 2.5 million round trips a year to make the system financially viable.

Reuss said costs of developing the high-speed train compared favorably with those of conventional rail systems.

The train's financing would be handled by a Wisconsin-Illinois authority established by the states to sell bonds at an annual interest rate of 9%, assuming the inflation rate is 6%, the study says.

Reuss said that the authority would not have taxing power and that it would be financed privately.

Of the proposed electric train, Gov.-Elect Anthony S. Earl, who was also at the news conference, said he would meet with Illinois Gov. James R. Thompson in late January to discuss what could be done to further development of the rail system.

The electro-magnetic train would travel at a speed of 250 mph about a half-inch above the rail on a cushion of air. The 79-mile rail system would be built along existing roads and rail right of ways.

The trains, featuring seven four-section cars, would stop at three stations between Milwaukee and O'Hare, according to the study. A one-way express trip would take about 26 minutes and a one-way ride stopping at each station would be about 32 minutes.

Electric trains

A system using electric trains with capacity for 400 passengers and featuring 24-round trips a day would handle 3.5 million passenger round-trips a year, or 5.25 million for trains carrying 600 passengers each, the study said.

The study recommended a route starting at Milwaukee's Amtrak station and proceeding south along a railroad right-of-way owned by the Milwaukee Road, east along a tributary of the Kinnickinnic River, over Layton and Howell Aves., south to a station at Mitchell Field, west to S. 6th St., then south along the abandoned Chicago North Shore right of way, crossing College Ave. and curving around the Milwaukee Area Technical College campus in Oak Creek, south to Ryan Rd. joining the Chicago and North Western right of way to a station at Sturtevant, south along the right of way to a station at Gurnee, Ill., then turning west toward Des Plaines, Ill., meeting the Soo Line and heading toward O'Hare Airport.

Passengers could get to the Chicago Loop by using a subway system to be completed next year.

The electric rail system was featured at an international transportation exhibit in West Germany in 1979, where it transported more than 70,000 passengers.

Journal of Commerce
December 16, 1982

Wisconsin Trucker To Halt Operations

United Press International

SHEBOYGAN, Wis. — Chair City Motor Express Co., hard-hit by the recession, will go out of business Saturday, the second over-the-road carrier to shut down in the city in two months.

Ninety workers in Sheboygan and 42 in Bensonville, Ill., will lose their jobs.

Company President Ron Becker said the prolonged recession and the effects of truck deregulation made it impossible to continue in business.

Des Moines Register December 11, 1982

Sabula scared, then annoyed by derailment

By KENNETH PINS
Of The Register's Dubuque Bureau

SABULA, IA. — The derailment of a tank car filled with liquid chlorine rousted most of Sabula from its sleep early Friday morning, forcing 600 residents out of their homes for 12 anxious, then annoying, hours.

State troopers sealed off all streets leading to the south half of Sabula, an island community of about 820 that juts into the Mississippi River, and three hours before dawn cars formed a headlight procession across the causeway that takes U.S. Highway 52 out of town and onto Iowa's mainland.

By dawn, troopers had prohibited all but necessary traffic from entering the community's three access roads, and for most of Friday Sabula's motto — "Iowa's Island Community" — took on new meaning.

The Milwaukee Road train had just crossed the bridge into Sabula from Savanna, Ill., shortly before midnight when the first 12 cars jumped the tracks and formed an accordion pattern across the rails, ripping the tank car from its wheels and peeling back a small section of the tank's outer shell.

"Shook the House"

"I thought a barge hit the bridge," said Ken Taplin, who lives just 250 feet from the derailment site. "It really shook the house."

Volunteer firemen went door-to-door asking most of the town's residents to leave until officials were convinced no chlorine was leaking from the 17,000-gallon tank car.

Most were allowed back into their homes until 5 a.m., when clean-up operations began, and they assembled at the town fire station where people without transportation were farmed out to churches in nearby Miles or the Izaak Walton League facility northwest of town by school bus.

"We Were Scared"

"Yeah, we were scared," said one member of the Sabula Fyrettes, the volunteer fire department's women's auxiliary. The women prepared more than 200 sandwiches and brewed countless cups of coffee for volunteers, many of whom hadn't gotten to bed Thursday night before they were pressed into service.

By Friday afternoon, many of the volunteers, running on caffeine and adrenaline, were sporting the bleary eyes of more than 30 sleepless hours.

"I want to go home," one exhausted Fyrette said Friday afternoon.

Auxiliary members fell asleep at tables in the firehouse, one with her chin propped up in her hand, and two-year-old Amber Lawson sacked out on a stretcher near her grandmother.

Taplin went to his gas station, convenience store and cafe north of Highway 52 when the first evacuation began to be away from the danger area. By 2 a.m., evacuees began appearing to gas up for the trip to Miles.

Taplin said at first he just opened the cafe to make doughnuts for the volunteers. "I didn't want to turn the pumps on, because people might think I was trying to make money off this," he said.

Ironically, the derailment that turned most of Sabula into a temporary ghost town provided Taplin with one of his busiest days, as the cafe was transformed into a press outpost. And for those that remained, the event took on a carnival atmosphere, with airplanes criss-crossing the sky and a helicopter landing in a nearby parking lot.

Card Games Broken Up

The dozen or so people bused to the Izaak Walton League facility had to break up their card games and move on to Miles when the furnace failed.

School children in the combined Sabula-Miles school district who thought they were getting a free day were disappointed when school buses showed up at the fire station to take them to classes in Miles, and a hot dog bun crisis developed there for a while as cafeteria employees scrambled to accommodate the influx.

Officials from the Iowa Department of Environmental Quality and the Association of American Railroads' Bureau of Explosives were brought in to supervise lifting the tank car onto a new set of wheels after damaged track was replaced.

Milwaukee Road officials said it appeared a bad section of track caused the first 12 cars of the 44-car train to leave the track, and spokesman Bill Bickley said, "We're glad the ground was as soft as it was, the car cradled into the ground."

While a small section of the 90-ton car's outer shell was peeled back, the thicker inner tank was not damaged, and none of the toxic liquid escaped.

Had the tank been punctured, Bickley said, "It would be chaos."

By 2 p.m., the tank car was placed upon new wheels and taken over new track to the railyard in Savanna, and exhausted residents returned home.

Vol. 4 No. 50 PIPELINE Agri Industries Des Moines December 10, 1982

Rail rate contracts — pitfalls or panaceas?

by Tom Williamson, Vice President, Transportation

Contract rates, considered illegal only two years ago, are now almost routine. Within the last few weeks, several contract proposals have been received by AGRI -- completely unsolicited. A possible panacea; simply fill in the blanks, sign, ship, file for a refund, and hope.

Hope. First, hope you can make the commitment you agreed to. Don't forget -- for a contract to be binding, both parties must give "consideration." Shipper's "consideration" is, at best, obscure in the contracts we have seen.

Second, hope that the terms of the contract are not made public by someone in your organization, the railroad, or by the Interstate Commerce Commission. Although the final rules in Ex Parte 387 last month provide for confidentiality of the major substance of contracts by the I.C.C., it is being appealed to the courts. Why don't we just make all the terms public so everyone is competitively equal? In the interim, confidentiality can be essential.

Third, hope that the contract you signed will stand up should it come to a court test. Remember, the only legal precedents are contract laws and not rail rate contracts which have withstood the judicial test. The Staggers Act removed the Interstate Commerce Commission's jurisdiction over rail rate contract disputes.

I become extremely upset when any contract is handled nonchalantly. In the not too distant future, contract rates will probably utilize standard forms which have legal precedence. In the meantime, give rate contracts the same importance accorded other legal documents. The time for questions and revisions is before you sign, not when the markets change.

Chicago Tribune
December 21, 1982

Seaway's rescue from debt hailed

By James O'Shea
Chicago Tribune

WASHINGTON—Congress has agreed to write off a $110 million debt owed to U.S. taxpayers by the financially ailing St. Lawrence Seaway, a major shipping artery for the Midwest.

The forgiveness of the debt was a major legislative goal of Midwestern shipping and agricultural interests. The writeoff also means that future toll increases won't be so steep on the seaway, which has been hurt by declining revenues during the recession.

"This is a major victory for the Great Lakes maritime community," said David W. Oberlin, administrator of the St. Lawrence Seaway Development Corp., which administers American interests on the seaway, a joint project of the U.S. and Canada.

"We are elated by the passage of this bill that Great Lakes congressional delegations and governors supported so vigorously. This action relieves the seaway of a great financial burden faced by no other waterway in America."

The provision forgiving the debt was part of a $10.64 billion Department of Transportation appropriations bill passed by Congress and signed by President Reagan over the weekend, even though the administration opposed including the seaway debt reduction in the bill.

THE $110 MILLION debt reduction is actually the second time Congress has forgiven debts owed to taxpayers by the seaway. The debts stem from construction of the seaway in the 1950s.

The seaway corporation paid $37 million in interest on the debts between 1959 and 1970 but was never able to pay on the principal. In 1970, Congress forgave interest on the debts.

Since 1970, the seaway has repaid $26 million in principal, or about $2 million a year. The principal payments were scheduled to increase to $9.5 million in 1986, though. Seaway revenue in 1981 was $10.6 million, and revenue is expected to total only $9.5 million in 1982.

DENNIS DEUSCHL, assistant to the seaway director, said the 1986 principal payments would have meant toll increases of up to 70 percent. Seaway tolls have increased more than 100 percent since 1978.

Meanwhile, the seaway's financial problems have worsened. Rising costs have driven up maintenance expenses, while revenues have declined as a result of the recession and reduced traffic at outdated ports around the Great Lakes.

Oberlin said the debt relief would free funds that can be used for "vital maintenance and improvement" projects that have been deferred in recent years.

He also said the reduction would put the U.S. in a better bargaining position with Canada when new toll levels are negotiated in 1984. The Canadian parliament forgave about $600 million in seaway debt owed to its taxpayers in 1977.

Oberlin added that the seaway corporation will be able to pursue some long-range improvement projects aimed at making the waterway more competitive.

Chicago Tribune
December 21, 1982
Excerpt

bill

By Dorothy Collin
and Storer Rowley
Chicago Tribune

WASHINGTON—Eager to go home for Christmas, a weary lame-duck Congress early Tuesday approved President Reagan's embattled proposal for a 5-cent-a-gallon increase in the federal gasoline tax.

The final vote of 56-34 sent the measure back to the House and came after Senate leaders crushed a filibuster by a small band of conservatives that had held up the bill for more than a week.

The Senate had begun debate Monday evening on the gasoline tax bill, which would finance a highway repair program estimated to create 320,000 jobs. In an early indication of support for the bill, the Senate voted 71-24 to substitute a cleaner version for the original wording.

But opponents were using a variety of parliamentary maneuvers to frustrate and delay final passage of the bill, including raising points of order and demanding roll calls.

An arrangement reportedly was being worked out to reconcile the version of the gasoline tax passed by the House with the one under consideration in the Senate, in an attempt to avoid a formal conference committee.

BOTH VERSIONS would raise the tax by 5 cents a gallon with 4 cents going to highway construction and repair and 1 cent to mass transit. The revenue from the tax would average $5.5 billion a year.

The Senate version also would provide an extension of unemployment compensation benefits of two to six weeks, which would cost the government about $540 million.

The House version contains a "buy American" provision requiring materials used in construction of the highway projects to be made in the U.S.

The gasoline tax legislation could mean either $1.2 billion or $1.6 billion for Illinois and would include funds for repair of a Dan Ryan expressway bridge.

Journal of Commerce December 16, 1982

Gasoline Tax Could Include Reductions In Levels Assessed Heavy Truckers

By DAVID CAWTHORNE
Journal of Commerce Staff

WASHINGTON — The Senate's debate on the administration's proposal to increase diesel and gasoline taxes by 5 cents per gallon to finance highway, bridge and mass transit projects continues amidst indications there may be changes in the legislation reducing the tax increase assessed heavy-duty trucks.

The debate on the controversial gas tax bill continued Wednesday night as the Senate attempts to complete action on the bill before its present Friday deadline for adjournment.

But several other issues will come up before action on the legislation is completed. There could be changes made in parts of the bill significantly increasing the user tax heavy-duty trucks pay.

one option being looked at would reduce the current $1,600 ceiling contained in the legislation and extend the 12 percent tax on new trucks to vehicles heavier than 26,000 pounds.

Another possibility being considered is to retain the $1,600 ceiling but to delay the phase-in presently scheduled to be completed by July 1, 1985.

Under this plan the Jan. 1, 1984, increase would be less than the present one-third of the total, and the remaining hikes would be put off for another year.

The administration originally proposed a $2,700 ceiling, but the House of Representatives whittled this down to $2,000.

The trucking industry apparently would sign off on a $1,000 to $1,200 ceiling with new vehicle and part taxes being extended to vehicles heavier than 10,000 pounds.

In any event, drivers from 25 trucking companies drove into town Wednesday, parked their rigs on Capitol Hill and started lobbying against the bill.

Describing the taxes on heavy-duty trucks as "confiscatory," they predicted company shutdowns and major layoffs if the bill is signed into law.

A second filibuster against the bill resumed Wednesday morning after the Senate rejected Democratic proposals to substitute a $10 billion jobs program for the fuel tax increase, which is designed to finance the completion and rehabilitation of the nation's highways system and bridge network.

An amendment to freeze natural gas prices also went down to defeat, but the Senate did adopt a resolution saying it thinks the Federal Energy Regulatory Commission should look into the matter.

Other issues expected to be voted on include repeal of provisions of the Davis-Bacon Act requiring contractors to pay the prevailing local wages on projects financed by money collected under the legislation.

Washington Post December 12, 1982

A Tradeoff for the Truckers

Fuel-Tax Bill Opening Highways to 'Double-Bottoms'

By Jerry Knight
Washington Post Staff Writer

In return for a costly increase in fuel taxes, the trucking industry has persuaded Congress to permit longer, wider and heavier trucks on the nation's highways.

A package of truck size limit increases that the industry has been seeking for 20 years is included in the five-cent-a-gallon fuel tax bill passed last week by the House and nearing final approval in the Senate.

The measure will force the District of Columbia, Virginia and a dozen other states to open at least some of their highways to giant West Coast-style "double-bottom" trucks with two trailers that are now banned as a safety hazard.

The gas tax bill also takes the first step toward permitting triple-trailer truck trains that would be nearly twice as long as most semi-trailer trucks now on the road.

Under the bill, the maximum truck width would be boosted by six inches to 8½ feet; the maximum weight—now determined by each state—would become a uniform 80,000 lbs. nationwide and the maximum weight carried by each axle would increase by a ton.

The American Trucking Associations has been lobbying loudly against the tax increase, contending that it will raise federal fuel taxes and various other truck taxes by 250 percent at a time when many truck lines are "reeling from the double effects of economic recession and deregulation."

The truckers have been fighting against higher taxes for nearly as long as they have been pushing for bigger trucks. A Department of Transportation study earlier this year concluded that trucks pay only 65 percent of their share of highway construction and maintenance costs. Passenger car owners are subsidizing trucks, according to the study, which provided the foundation for the increase in truck taxes.

While they are vigorously fighting the tax increase, the truckers have already made a deal to assure that, if the bill passes, it will include long-sought plums that provide important productivity gains for truck lines.

With the backing of Transportation Secretary Drew Lewis and Democratic supporters of the fuel tax bill, the truck length, width and weight increases have cruised through the lame-duck Congress. The only opposition has come from some state highway departments and the longtime foes of the trucking industry, the American Automobile Association and the Association of American Railroads.

Debate on the nickel-a-gallon fuel tax has focused almost entirely on the economics of the measure, which the Reagan administration describes as a "user fee" that would rebuild the "infrastructure" of the nation's transportation system. The bill has drawn equally fervent support from liberals, who want to increase gas taxes to encourage fuel conservation and to create jobs in highway construction.

The Senate began final debate on the measure Friday and is expected to complete action early this week.

Both sides of the tax issue acknowledge that permitting bigger trucks is a quid pro quo for the tax hike, a way of compensating the trucking industry for part of its added costs. As the bill is now written, bigger trucks will be permitted only if the revenue increases are passed.

"This is a balanced package of benefits and costs," Rep. Sam M. Gibbons (D-Fla.) said during last week's debate. "The truckers not only get a tax, they also get wider trucks, longer trucks, heavier trucks and tandem [double trailer] trucks. Without the user tax, they cannot get that. The president will not sign the bill."

Permitting bigger trucks will save fuel and increase productivity for the hard-pressed trucking industry, said Edward Kiley, senior vice president of the American Trucking Associations. Kiley complained that the tax increases will offset the advantage of operating bigger trucks and said the industry still is trying to trim the tax increase "so our productivity gains don't get taxed away."

Most truck size limits are now set by state legislatures. The tax bill does not wipe out state size regulations; it simply cuts off federal road money to any state that sets a limit lower than the federal maximum.

The biggest bone thrown to the truckers is the provision requiring all states to permit use of the twin semi-trailer trucks known as "double bottoms." Tractors pulling two trailers are widely used in the wide-open spaces of the Middle West and Far West, but are banned in 14 Eastern states and the District of Columbia.

The trucking industry has tried unsuccessfully since the early 1960s to persuade the holdout states to permit double bottoms. Maryland allows twin trailers, but opposition in the Virginia General Assembly has been so adamant that the issue has not been pushed for several years.

The truckers, however, have had far better luck with Congress. The pending bill would set a maximum length of 60 feet for conventional semi-trailer trucks that have one trailer. Maryland, Virginia and the District now put a 55-foot length limit on semi-trailers.

No overall length limit would be set for twin-trailer trucks, which would be allowed to pull two trailers, each up to 28 feet long. Counting five feet between the trailers and a 10- to 15-foot long tractor, the overall length would range from 70 to 75 feet—as much as 20 feet longer than the trucks now used in Virginia, said Charles N. Brady, director of the highway department of the American Automobile Association.

Continued

The House version of the truck tax bill would let double bottoms use all interstate highways and any connecting roads needed for "reasonable access" from the interstates to food, fuel and terminals.

The Senate version would go further and permit twin-trailer trucks to use the interstates and all other highways built with federal aid. States would be allowed to ban double bottoms from some roads for safety reasons, but state officials are dubious about that provision.

States would be hard pressed to prove that a particular stretch of road is unsafe for double-bottoms and would face lawsuits from truckers, warned David Runkel, deputy director of the Washington office of the Commonwealth of Pennsylvania.

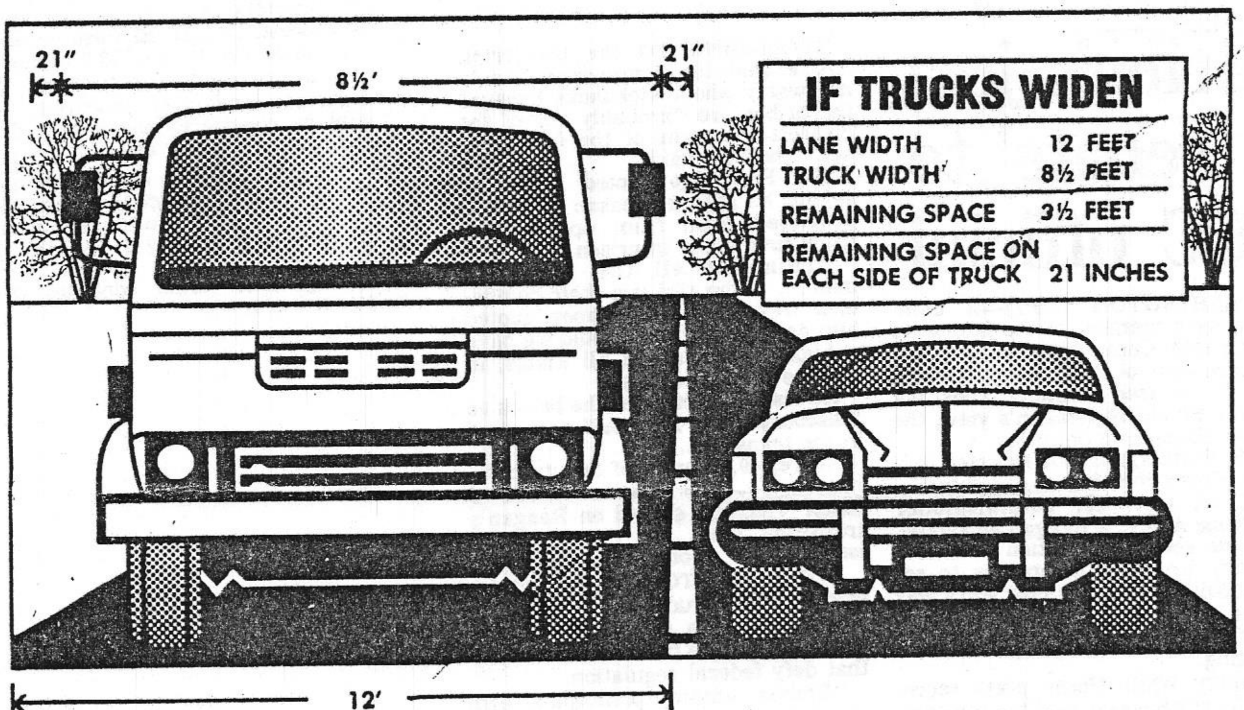
Pennsylvania has long opposed bigger trucks for safety reasons and state officials are fearful of adding six inches to truck widths and as much as 20 feet to lengths.

"When you have a 102-inch width with a twin trailer, you have a real public safety hazard," Runkle said. "Our safety people say the worst situation is when these trucks are empty and you have a windy day on icy or slippery roads. The driver doesn't have much control over the second trailer. The second trailer tends to drift."

The AAA says two studies have found higher accident rates and as much as 50 percent higher fatalities involving double bottom trucks, but truckers challenge the studies and contend twin trailers are safe on modern highways.

Buses are already permitted a maximum width of 102 inches, the ATA's Kiley noted, and twin trailers "are the vehicles for which the interstates were designed." Even off the interstates, double bottoms are more maneuverable than semi-trailers because they bend in the middle like Metro's articulated buses.

Double bottoms, however, are only the first step toward bigger trucks. The pending legislation calls for a federal study of using triple-trailer truck trains up to 105 feet long on sections of interstates designated as special truck routes.



By Gail McCrory—The Washington Post

Chicago Tribune December 21, 1982

Burlington Northern seeking majority interest in Texas gas supplier

From Chicago Tribune wires

BURLINGTON Northern Inc., the Seattle-based railroad and natural-resources holding company, announced a $600 million cash tender offer Monday to buy majority interest in El Paso Co., a natural-gas supplier based in Houston.

The offer to buy 25.1 million shares at $24 a share came as no surprise to Wall Street analysts who in September had reported rumors of a pending takeover of El Paso by Burlington Northern. At that time, both companies denied the Seattle company was interested.

Burlington Northern, parent of Burlington Northern Railroad Co., said it already owned 1.1 percent of El Paso stock, purchased on the open market. The offer is being made through its wholly owned subsidiary, R-H Holdings Corp., and isn't conditioned on a minimum number of shares' being tendered, the company said.

El Paso, which said it would have no comment on the offer, closed at $18.50 on the New York Stock Exchange Monday, up 62 cents. Burlington Northern stock closed down 62 cents at $56.25.

The offer will expire at midnight Jan. 19 unless extended. If it is oversubscribed, shares will be bought on a pro-rata basis for shares tendered by Dec. 30. Those tendered after Dec. 30 will not be purchased if there is an oversubscription. Withdrawal rights will expire at midnight Jan. 12, the company said.

IN MAKING the announcement, Richard M. Bressler, chairman, president and chief executive of Burlington Northern, said he felt the merger made sense for the firm, which is making a major push to expand its natural-resources business-es.

In 1981, its oil and gas businesses accounted for about 4 percent of the Burlington Northern's total revenues of $4.9 billion with more than 80 percent of the firm's revenues coming from the railroad. The company is among the nation's largest private owners of forest land.

In 1980, the railroad completed a merger with the St. Louis-San Francisco Railway Co., creating the nation's largest railroad system in terms of total mileage. The railroad has been mentioned frequently as a candidate to acquire another railway company.

For the first nine months of 1982, Burlington Northern, which sold off its air freight business this year, earned $96.5 million from continuing operations on revenues of $3.1 billion. In the 1981 period, the company posted net income of $181.8 million on revenues of $3.4 billion.

EL PASO is an energy company, and its natural-gas operations provided more than 80 percent of its operating revenues in 1981. It supplies natural gas to consumer markets mainly in the West and Southwest. In 1981, El Paso earned $147.3 million on revenues of $3.9 billion.

In a letter to Travis H. Petty, El Paso chairman and chief executive, Bressler said he considered the price offered for the company a fair one.

"In light of your experience and stature, we would expect to extend to you a position on our board of directors," Bressler said to Petty in his letter, indicating that he hoped El Paso's present management would continue with the merged company.

Chicago Tribune Dec. 19 '82

'Bribe's just a rebate' to ICC official

WASHINGTON (UPI)—A comment by a member of the Interstate Commerce Commission saying bribes are "one of the clearest instances of the free market" does not reflect President Reagan's view, the White House said Saturday.

The Washington Post reported that at a closed meeting of the commission on Oct. 20, commissioner Frederic Andre, a Reagan appointee, said he sees no objection to a conspiracy by truck companies to set monopoly prices. The Post story was based on what the paper called a confidential transcript of the meeting.

Deputy White House press secretary Larry Speakes said the the comments "are certainly not the President's view." ICC spokesmen could not be reached for comment.

The transcript showed that other members of the commission dissented from Andre's views, including Chairman Reese Taylor, another Reagan appointee.

ACCORDING TO the transcript, Andre said the commission should not worry about kickbacks because the bribes are "probably one of the clearest instances of the free market," the Post said.

The Post also quoted Andre as saying he sees no reason to stop a convicted felon from operating a truck firm while in prison.

"Think of all the businessmen . . . who still run their companies from jail," the paper quoted him as saying. "Why should we have a higher standard, of all things, in surface transportation?"

He also characterized the bribes as "discounts" or "rebates," according to the transcript.

Andre, 49, once chief deputy commissioner of the Indiana Bureau of Motor Vehicles, served on Reagan's transition team for transportation issues. He is a former truck driver.

ACCORDING TO the transcript, he said that the trucking industry has developed into a cartel with a subculture of unique rules and traditions that defy federal regulation.

"Bribes among principals are probably one of the clearest instances of the free market at work," the Post quoted Andre as saying.

Taylor responded, "Well, I can't agree with you about that."

Andre then said: "Well, they are just discounts. . . . A bribe is a rebate, is it not? . . . It is an attempt to get around the rigidities imposed on the market by a government cartel."

Commissioner J.J. Simmons replied, "That is just like saying that murder eliminates hunger, you know."

THE JOURNAL OF COMMERCE, Wednesday, December 15, 1982

Railbox

By MICHAEL ROSENBAUM
Journal of Commerce Staff

CHICAGO — Creditors will have few options this week as they meet with Trailer Train officials to discuss the future of the company's floundering Railbox subsidiary.

Trailer Train, the railroad-owned car management company, established Railbox in 1974 as a separate corporation with few assets other than the cars themselves, noted Trailer Train president Raymond C. Burton in an interview last week.

In some cases, the creditors can take boxcars pledged as collateral, but those cars might have little worth in the current market.

Ironically, one of the big creditors at Friday's meeting will be Trailer Train itself. The parent company began pumping large amounts of cash into its subsidiary this year in expectation that an economic recovery would arrive quickly.

Nine months and $43 million later, the recovery still hasn't come and the board has voted not to toss more money into the pit. Without a hefty influx of cash, Railbox will be in default on its loans. Bankruptcy is a possibility.

Mr. Burton, who took over as president just two weeks ago, argued in an interview last week that the bleak situation at Railbox might not prove fatal. Despite the fact that 75 percent of the boxcars owned or leased by Railbox are idle, he said, "I'm not sure we've read the final chapter yet."

Projections as recent as 1979 indicated that demand for boxcars would continue growing in the United States, encouraging Railbox to take on extra boxcars. At the same time, individual investors took advantage of tax credits and incentives rates by buying boxcars for use by railroads.

The market fell apart in the fall of 1981, however, as the growth of piggyback and the recession combined to deal a deadly blow to boxcar business.

In the first nine months of this year, Railbox revenues dropped to $33 million — from $55 million a year earlier. Railbox lost $26 million in the period — about twice as much as the subsidiary lost in all of 1981, according to financial reports.

Trailer Train, whose flatcar operations continued to grow in 1982, began pumping cash into the subsidiary last year to finance ongoing operations. The advances became significant only this year, Mr. Burton said.

"It was not perceived initially that the amount forwarded would aggregate to $43 million," he said. "We gradually got into the woods."

Along the way, 70 of Trailer Train's 350 employees lost their jobs in an effort to boost cash flow for Railbox. By the time the axe fell last summer, the board had authorized loans of up to $50 million from Trailer Train to its Railbox and Railgon (gondola cars) subsidiaries. Railgon had taken $4 million from its parent through Sept. 30.

But the board became increasingly concerned about the recovery prospects for its boxcar subsidiary. On the last $17 million loaned to Railbox, the company demanded collateral.

The final nail in the coffin apparently came with a bleak forecast for boxcar demand presented to the Trailer Train board in October by consultants Booz, Allen and Hamilton. Following discussion of the report, the board decided to plug the cash drain.

Mr. Burton said he won't suggest a course for creditors at Friday's meeting. Not all the company's 25,000 railcars are in jeopardy of default, he added. Individual railroads guaranteed mortgage or lease payments on 10,000 cars when they were bought.

Since the boxcars themselves are the primary asset of Railbox, creditors would have only the cars themselves to claim in a liquidation.

If creditors perceive the resale or leasing market to be very weak, they might leave the cars with Railbox and permit deferred payments on leases and notes.

"Obviously, what we're going to do is what the people who lend the money, in the end, dictate," Mr. Burton said.

Traffic World Magazine
December 6, 1982

BN Track Rights Exemption

Burlington Northern Railroad Co. has asked the Commission to exempt from its prior approval requirements a proposed trackage rights agreement that would allow BN to route bridge traffic over a 12.9-mile Chicago & North Western Transportation Co. line between Huron and Wolsey, S.D.

In a petition docketed at the Commission as Finance 30075, BN said the proposed trackage rights over the C & NW line segment would allow it to use a shorter route on shipments bound for the Pacific northwest, and would allow it to improve the efficiency of its operations on South Dakota lines sold or leased by the Chicago, Milwaukee, St. Paul & Pacific Railroad Co.

An exemption is warranted because the proposed agreement is of limited scope and would favorably affect shippers, as BN may be able to offer them lower rates, the railroad said.

The line segment at issue extends between Milepost 363.5 at Huron and Milepost 376.4 at Wolsey.

Journal of Commerce December 15, 1982

Taylor Urges Abolition Of ICC

Truck Industry Opposes Proposal to End Antitrust Immunity

By DAVID M. CAWTHORNE
Journal of Commerce Staff

WASHINGTON — Interstate Commerce Commission Chairman Reese H. Taylor Jr. thinks Congress should consider abolishing his agency along with the trucking industry's immunity from antitrust laws permitting them to meet and set freight rates.

But the suggestion generated strong opposition from the trucking industry on grounds that most of the industry's financial problems can be traced to government actions aimed at eliminating government controls that go far beyond the scope of the Motor Carrier Act of 1980.

Chairman Taylor's suggestion was in response to questioning at Senate Commerce Committee hearings that were held here Tuesday on the effects of the 1980 legislation that eased government rate and entry controls over the trucking industry.

His thinking apparently is based on the feeling that the motor carrier 1980 legislation removed most entry controls over the industry while leaving some rate controls and enforcement activities at the ICC.

But the key to any pricing regulation, he suggested, probably is the antitrust immunity permitting the carriers to meet and set freight rates if they have a rate bureau agreement filed and approved by the ICC.

Provisions of the law terminate the immunity to meet and set freight rates on shipments hauled by a single carrier on Jan. 1, 1984, but the special commission created to study this issue has failed to come up with a conclusion.

As a result this immunity probably will be extended until July 1, 1984.

But terminating the single-line rate-making while retaining the immunity to meet and set freight rates on freight handled by more than one carrier could create major problems for some firms, he added.

It makes little sense to terminate one immunity without the other, Mr. Taylor told the committee.

Ending rate controls and the antitrust immunity probably would result in the truckers pushing for abolition of the agency on grounds it is a nuisance, he predicted.

But if Congress decides not to take this course, it should consider enacting legislation aimed at giving the agency power to exempt specific commoditites from rate regulation similar to provisions in the Staggers Rail Act of 1980.

This would permit the ICC gradually to deregulate the truckers and probably would forestall a push for tighter regulation when and if problems develop, he said.

Another change would be to permit carriers to receive ICC operating rights merely by showing they have a good safety record and satisfy government rate insurance requirements.

But trucking industry representatives took strong exception to Chairman Taylor's suggestion.

Much of the industry's problems can be traced to how the ICC has implemented the Motor Carrier Act of 1980, American Trucking Associations officials told the committee.

ICC abuses, coupled with the recession, have created a situation in which half the industry is in a position to fail, they added.

Contentions that firms that have gone under recently were doing poorly before the new law was enacted in 1980 ignore the administrative deregulation going on at the agency since 1978, the truckers commented.

Totally free entry has resulted in declining profits and cash flow problems and has made it impossible for the carriers to get access to capital markets.

The ATA officials urged the commission to find a way to cope with the predatory pricing issues and to come up with some sort of sensible entry policy.

The public need language contained in the law would not permit 6,000 new carriers to enter the business and aggravate the industry's overcapacity problem if the commission was interpreting it correctly, ATA General Counsel Nelson Cooney told the committee.

The law contained no changes in traditional rate-making standards other than a clause encouraging innovative price service options, he said.

Permitting the waves of discount rates to go into effect without any formal investigation into whether they are predatory or discriminatory is a dereliction of the agency's duty to the public, he added.

The ICC's interpretations of the Motor Carrier Act have changed the shape of the industry to such a degree that Mr. Cooney expressed grave doubts the industry will be able to handle additional traffic when the economic upturn begins.

Chicago Tribune, Thursday, December 16, 1982

Corporate news

Illinois Central Gulf Railroad expects to post loss for year

HARD HIT by the severe recession in the Midwest, the Illinois Central Gulf Railroad is expected to report a loss in 1982, officials of the railroad's parent said Wednesday.

"The Illinois Central Gulf Railroad has taken the full brunt of the industrial and agricultural depression in the Midwest. With business down 20 percent from last year, the railroad will report a loss in 1982," said Bruce S. Chelberg, senior vice president for IC Industries Inc., at a meeting of Chicago financial analysts.

IC's results in the fourth quarter, traditionally its best period, will be substantially better than its third quarter, according to William B. Johnson, chairman and chief executive officer of the parent firm. In the third period, the company reported a 92 percent decline in earnings to $3 million on revenues of $967 million.

Johnson also reiterated that IC plans to sell or merge the railroad in 1984 in order to take advantage of the tax benefits generated by the railroad.

The chief executive said IC reduced its employment by 15 percent in 1982 and cut capital spending 20 percent.

Crain's Chicago Business
December 13, 1982

RTA federal funds restored

WASHINGTON—A House-Senate conference committee last week restored $37.5 million for the Regional Transportation Authority (RTA) earlier removed by the Senate while shifting $15 million earmarked for RTA operating subsidies to Conrail operations in the Northeast. The action returned the $15 million operating subsidy to the RTA and directed the Transportation Department to provide $12.5 million so the RTA can buy a bankrupt commuter rail line. Last Friday, the RTA made the final $4-million payment to bankruptcy trustees in its $35 million purchase of the Rock Island commuter line, so the RTA probably will use the funds to purchase the bankrupt Milwaukee Road. Illinois delegation staffers said the conference measure is expected to pass unless a continuing funding resolution to keep the government in operation takes its place, which also contains the funds sought by the RTA.#

Coal Industry News
Washington, DC
December 13, 1982

Slurry Bill Stalls, Its Hopes Dim

WASHINGTON — Prospects for granting coal slurry pipelines federal powers of eminent domain dimmed to a flicker last week as a key House gatekeeping committee continued to withold its clearance for bringing the measure onto the floor.

Failure to win passage in this last week of the lame duck session will probably be the final nail in the coffin of an idea that was first proposed by President Kennedy.

Supporters fear that the bill may have failed too many times to avoid being irrevocably tagged as a loser.

The bill's failure mystifies supporters, sources told *Coal Industry News*. House Rules Chairman Richard Bolling, D-Mo., gave pipeline proponent Rep. Morris Udall, D-Ariz., a promise that clearance would be "no problem."

But a poll of the committe shortly after their return found that only Rep. Gillis Long, D-La., deemed the bill "urgent" in the face of spending bills, the M.X. missile program, the gasoline tax, immigration reform and regulatory reform. Only if the bill fits the House leadership's idea of a jobs-creation program does it have a chance, sources say.

Locomotive Engineer - BLE
December 3, 1982

TROUBLES WITH CAST

Canadian National is beginning to wonder whether its decision a few years ago to make a major investment in the Cast shipping group was a mistake. It could end up losing $50 million if the troubled container line does not survive its current financial difficulties.

CN originally put $12 million into acquiring an interest in Cast and little more than a year later received $10 million from the sale by Cast of the Furness Withy shipping group. British regulatory authorities had forced Cast to divest itself of Furness Whithy to avoid a restriction of competition.

Cast had a couple of years of large profits which ended when it decided to purchase six expensive combination bulk carriers for the movement of oil or dry-bulk cargoes. The market for such vessels vanished and Cast was stuck with a major expenditure that has shown no return.

Since the original investment CN has pumped an additional $48 million into Cast which ensured CN of obtaining the land-haul contracts for Cast container traffic moving in and out of North America. It also paid Cast $10 million for its Montreal container terminal which was immediately leased back to Cast for its operations. This was part of a $200 million rescue plan put together by a group of banks to keep Cast afloat.

To complicate things further, CN is now before the courts to defend itself on charges by the Nova Scotia government that it acted outside its legal powers in buying an interest in Cast.

Business Week December 20, 1982 Two Articles

MEXICO

A crop failure that will fatten debt

Mexico's new President, Miguel de la Madrid, is reaping a bitter harvest from his predecessor, José López Portillo: a major grain shortage that will force cash-starved Mexico to spend an estimated $2 billion on food imports next year. As recently as September, 1982, López Portillo boasted that during his administration, the country had achieved self-sufficiency in production of basic grains. But government economists in Mexico City now say that Mexico will have to import at least 9 million tons of basic foodstuffs. U. S. observers predict that the import figure will be closer to 11 million tons.

The shortfall in Mexican agricultural production is worrying U. S. bankers involved in renegotiating portions of Mexico's $79.3 billion debt. "Like everything else, it doesn't help," says one banker. Bankers do point out that a grain shortfall is a logical area for U. S. government assistance to Mexico. "It's the thing where the U. S. can help the quickest and easiest, through the CCC [the U. S. Agriculture Dept.'s Commodity Credit Corp.]," says one U. S. bank executive. "When you have your silos filled with a record grain harvest, it is common sense [to help the Mexicans]." Washington already extended Mexico $1 billion in trade credits for grain purchases during the height of last August's currency crisis.

The import bill will undoubtedly be a death blow for the Mexican Food System (SAM), López Portillo's much-publicized plan for agricultural self-sufficiency. SAM was launched in 1980, when record imports of 11 million tons of basic foodstuffs were not only a major drain on hard-currency reserves but also disrupted rail transport throughout the country, causing production bottlenecks in key industries.

SAM offered massive government subsidies for agricultural products to encourage peasant farmers to cultivate more land. By 1981, 42 centavos of every peso of government spending was devoted to developing agriculture. And in its first years, the government program appeared to be a great success. Mexico's food import bill was slashed from more than $3 billion in 1980 to $2 billion in 1981, and it is down to an estimated $1 billion this year.

A more enduring problem. But these successes, says a senior government economist, were temporary. The 1982 spring-summer crop now being harvested is expected to show a 35% drop in volume, largely because of a prolonged drought. And the economist says that underlying the current shortage is a more enduring problem—SAM's policy of subsidy-led development, particularly in an era of spiraling inflation. While government-guaranteed prices for soya are up 41.7% over 1981, Mexico's inflation is running at almost 100%. The government subsidies have not been enough to keep peasants farming for the market. ■

Canada: The newsprint business starts to crumple

Canadian papermakers for years have held North America's $6 billion-a-year newsprint market in a grip as firm as a hard-nosed editor's control of a paper's columns. But now, scrappy U. S. competitors and unexpectedly lackluster demand are stopping the presses on Canada's long, front-page success story.

As recently as two months ago, Toronto's Abitibi-Price Inc., the world's largest newsprint producer, and other Canadian companies were angling to raise the price of a metric ton of standard-weight newsprint past the prevailing $500 level. But Wisconsin-based Kimberly-Clark Corp. shocked the industry by reducing its price by 6%, to $468.50. Competitors on both sides of the border quickly fell in line, in the first industrywide price cut since the Depression.

'Marginal suppliers.' The lower market prices could not have come at a worse time for Canadian forest-products companies. The papermakers began expanding newsprint capacity in the late 1970s, prompted by sharp growth in demand among U. S. newspapers. The expansion binge will leave Canadian newsprint capacity 14% higher in 1983 than in 1980. But since 1979, newsprint demand in the U. S. has remained flat, at slightly more than 10 million metric tons annually. "We gave in to a mood of thinking that there would always be a shortage," admits Eric Lauritzen, a vice-president for pulp and paper marketing at Vancouver-based MacMillan Bloedel Ltd., Canada's largest forest-products company. Adds Ross Hay-Roe, publisher of an industry newsletter, *PaperTree Letter*: "It's better than a 50-50 chance that 1983 will be a loss year" for the Canadian industry.

The Canadians will be coping with losses just as U. S. papermakers are beginning to loosen the control their northern competitors have held over the U. S. market. While Canadian producers still have a 55% share of the market, new projects in the Sunbelt and aggressive marketing are likely to expand the 16% U. S. suppliers pruned from the Canadians' market share since 1964. "The Americans now have control over their own market," says Jaak Puusepp, a forest-products analyst with Pemberton Securities Ltd. in Vancouver. "The Canadians have become marginal suppliers."

Chicago Tribune Dec. 20 '82

Trudeau hints his Liberals may lose vote

OTTAWA (UPI)—Canadian Prime Minister Pierre Trudeau, who rode to power 14 years ago on a wave of "Trudeaumania," said Sunday his Liberal Party may deserve to lose the next election to his adversary Joe Clark.

Trudeau, 63, said that if the opposition Conservative Party "appears to be more able to solve the economic difficulties of the country, then they will be elected.

"We will be defeated, and maybe we will deserve being in the opposition for quite a while."

Trudeau was speaking in a year-end interview with the Canadian Broadcasting Corp.

Clark was prime minister for seven months in 1979 and 1980, the only break in Trudeau's leadership since 1968, when he took control of the Liberal Party on a crest of adulation that came to be called "Trudeaumania."

AS CANADA'S unemployment climbed above 12 percent and its inflation over 10 percent in 1982, however, Trudeau has steadily lost ground to Clark in popularity. A poll last week gave Trudeau 27.5 percent of popular support to Clark's 34.8 percent.

"We are not trying to do things now with a mind of being re-elected," Trudeau said. "We are trying to do things now to improve the economy, and that may or may not get us re-elected."

Admitting that the outlook for Liberal re-election is not good, he said: "When you look at governments in other countries who are falling like ten-pins, you know you have to expect the worst if you are talking from a political point of view.

"But the elections, hopefully, will not be now," he said. "Normally they would not be before a year and a half from now, and if that is a consideration, things hopefully will be much better by then."

Journal of Commerce December 14, 1982

Crew Pact Improves Rail Service

Journal of Commerce Staff

New crew size agreements for the Central Vermont Railway's high priority "Rocket" piggyback freight trains are giving the line more operational fleixbility while enhancing financial performance.

The overnight trains, which move almost 10 percent of the line's overall business, for shipments from Montreal, Quebec to Boston, New Haven, Conn. or Palmer, Mass. now are moving with crew sizes more closely tied to train size than before the new arrangement which became effective Dec. 1.

Before, two-person crews operated any train with less than 15 flatcars and a four-member unit ran the Rocket if its size were greater. The new system, according to Jack Bliss, marketing and sales officer for the Central Vermont, permits a three-man crew for trains with between 15 and 25 cars.

The five-day-a-week service is improved because the railroad no longer has to make the hard economic choice of either asking shippers to hold back non-urgent shipments on days when 16 or 17 cars are scheduled to move or operating the train at higher cost with the larger crew.

"We don't want to say no to business," Mr. Bliss said.

The train actually operates from St. Alban's, Vt. to the three cities with the Boston and Maine Railroad picking up the Boston and New Haven portions. Shipments are trucked from Montreal to St. Alban's.

Average loads since the new agreement was made have been 40 trailers on 20 flatcars, Mr. Bliss said, suggesting enhanced profitability. He noted that the train was "starting to make a profit" at its current traffic level.

Mr. Bliss said the train recently began to carry milk in addition to its staple shipments of beer, newsprint and feed products.

A milk contract has been established with McDermott Transport, a trucking company, which moves as many as four tank trucks per day to Readville, Mass.

He said he hopes to expand the milk traffic, the first on the line in two years, since as many as 30 trailers a day move from northwestern Vermont to the Boston area.

The truck line moves one load of milk by truck for every one sent by rail The truck line benefits by the contract, too, since local deliveries of the piggybacked milk are accomplished by the same tractor-trailer that makes the over-the-road movement, Mr. Bliss said.

Milk traffic expansion is contingent upon service level, he said. "The other shippers want us to prove ourselves in hauling such a delicate product," he said.

Central Vermont is negotiating with two other shippers' co-ops, hoping to lure some milk business away from trucks to rail by offering advantageous rates.

Other commodities where increased volume is anticipated are newsprint and containers. Mr. Bliss said added container traffic moving from Montreal and Boston has been attracted by dependable service the line provides.

BUSINESS WEEK: December 20, 1982

Monetarism loses face north of the border

Monetarism seems to be wilting on the vine abroad as well as at home. Citing problems in interpreting Canada's M1 monetary aggregate, the Bank of Canada announced today that it is officially abandoning its policy of targeting money-supply growth, a policy it adopted in November, 1975. The news was hardly a surprise to money-market observers. As economist Bruce Brittain of Salomon Bros. notes, "it's been clear for over a year now that the Canadians have really been aiming monetary policy at stabilizing the Canadian dollar-U. S. dollar exchange rate in order to control inflation." M1, in fact, now lies far below the lower end of the 4%-to-8% target range.

"This change in policy is ironic," says Brittain, "because the Bank of Canada has been among the most conscientious and successful of monetary targeters—systematically lowering its target growth rates since 1975 and reducing M1 growth from 13.8% in that year to 3.5% in 1981." The rub, however, is that consumer price inflation increased during the same period, "despite the Canadians' almost doctrinaire adherence to monetarist principles." Inflation fell from 10% in 1975 to 6.4% in 1978 but then gradually rose, to hit 12.8% in 1981.

Minneapolis Star and Tribune
Thur., Dec. 2, 1982

Canada's anger at acid rain grows

By Les Whittington
International Writers Service

Ottawa
Canadians rely heavily on a number of U.S. exports, but one of those exports — acid rain — is provoking them increasingly to anger.

The pollution issue has reached such proportions that it is aggravating Canada's already strained trade and other ties with the United States. Canada's chief environment official, John Roberts, calls it the "single most important irritant" in relations between the two neighbors.

Thousands of research studies in recent years have concluded that the acid mostly originates in the coal burning power plants of America's Middle West.

Rising from smokestacks, the pollutant is carried north and falls as rain, killing wildlife and trees in Canada's lakes, rivers and forests. Among its casualties are Canada's fisheries and timber industry.

And although Canadians are troubled by the contamination, they are even more infuriated and frustrated by the apparent unwillingness of the Reagan administration to cooperate in fighting the problem.

Reagan administration environmental specialists recently rejected a Canadian proposal for a 10-year project aimed at reducing pollution in both countries by 50 percent. The rebuff is seen in Ottawa as a violation of an agreement reached in 1980 with the Carter administration. The agreement calls upon the United States and Canada to examine the causes and effects of acid rain and work jointly to cope with the problem.

Canadians allege that Reagan and his aides have capitulated to pressure from the public utilities and coal lobbies in the United States, which contend that stricter emission controls would boost their costs.

Carl Bagge, president of the U.S. National Coal Association, which represents the industry, insists that the causes of acid rain are unknown and that it would be "outrageous" to spend billions in a "gamble" to prove the Canadian theories.

Canada has responded with a lobbying campaign of its own, pleading its case with films and brochures. It counts as well on a Washington-based group known as the Canadian Acid Rain Coalition.

Administration officials dismiss the Canadian lobbying effort as "government by bumper sticker." But it has swayed both Republican and Democratic members of Congress. Not long ago, Sen. George Mitchell, D-Maine, accused the administration of having been "negative on this issue since the beginning," a charge echoed by Sen. William Cohen, his Republican colleague.

The two major Canadian parties also agree on the question. The former environment minister, John Fraser, recently called acid rain the "worst environmental hazard" ever to confront Canada.

Negotiations between Canadian and U.S. officials have been long and usually futile, and some have degenerated into bitter arguments. One meeting in June lasted for more than seven hours, producing nothing but acrimonious exchanges.

Representatives of the Ontario and Quebec provincial governments have traveled to Washington to testify at hearings of the U.S. Environmental Protection Agency, and Canadian scientists have pleaded their case before the White House's Office of Science and Technology.

A major issue is whether the research on acid rain is adequate. The Reagan administration insists that further study is necessary, while the Canadians reply that the information is sufficient.

R.W. Slater, a senior Canadian environmental official, recently told an audience in Cleveland that "it is time for swift, decisive action, not five or 10 more years of research."

The Reagan administration's intransigence has generated a mood of desperation among Canadian government figures, who believe that their only hope may be to persuade Americans that acid rain menaces them as much as it does Canada.

That argument is making considerable headway in New England, where Canadian environmental lobbyists have generally encountered a sympathetic welcome. But the prediction in Ottawa is of a long and fierce series of battles that may poison the atmosphere more than acid rain.

Les Whittington covers current affairs in Canada for Southam News, a Canadian newspaper.