Corporate Relations 583

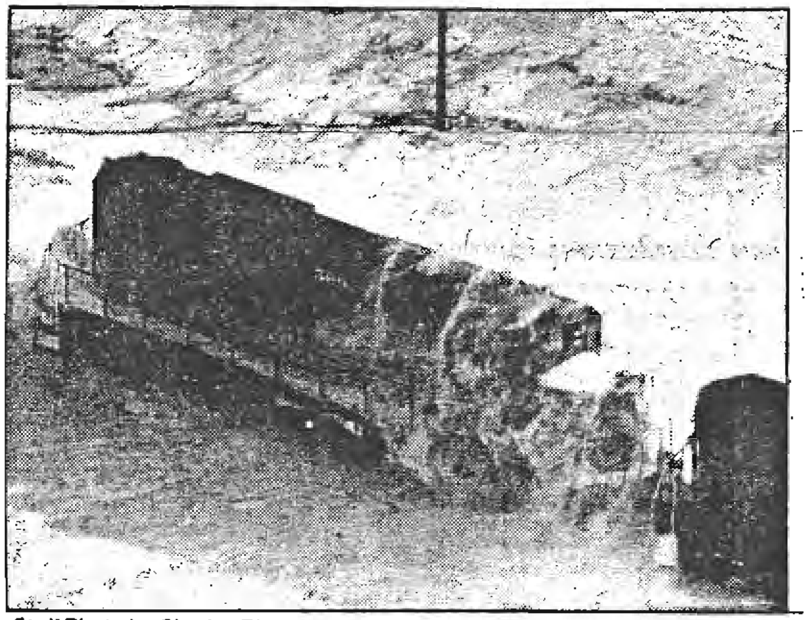
MEDIA MONITOR February 17, 1983

Dissemination of these news items to all interested people is encouraged. Content may differ from Milwaukee Road viewpoint. You might want to retain for reference.

Minneapolis Star-Tribune
February 4, 1983

Some of the storm's effects around the state

Think your driveway was a big job? Workers shoveled by hand to remove snow from the Metrodome roof Thursday, and this time there was no puncture. Jerry Bell, acting executive director of the Metropolitan Sports Facilities Commission, said the crane and bucket that ripped the dome fabric in December weren't used yesterday. The rig was "simply not needed," he said. In addition, the braces of lights, which caused dimples where snow accumulated in the December storm, were lowered this time for maintenance and to avoid their pulling effect on the roof. Crews began shoveling at the edge of the roof Wednesday night, but did not go up onto the fabric. The snow-melting system also was working and there were no problems, Bell said.



Staff Photo by Charles Bjorgen

A Milwaukee Road locomotive kicked up swirls of snow from drifts on the tracks near Dundas, Minn., yesterday.

Traffic World
February 7, 1983

CP Rail Sees CN as Party To GTW Acquisition Case

Canadian Pacific, Ltd., has joined the Chicago & North Western Transportation Co. in its bid to force the Interstate Commerce Commission to include the Canadian government and the Canadian National Railway Co. as parties to the proposed acquisition of the bankrupt Chicago, Milwaukee, St. Paul & Pacific Railroad Co. by the Grand Trunk Corporation.

CP Rail, a CN competitor, said in a petition to intervene in an ICC case that CN and the Canadian government are "necessary applicants" in the proceeding and the "would-be owners of the Milwaukee (Road)" because of their relationship with the Grand Trunk Corporation.

The Grand Trunk Corporation is a wholly owned subsidiary of CN which is in turn, owned by the Canadian government.

In a decision served last December, the Commission said that even if it could exert jurisdiction over a foreign government, inclusion of the Canadian government in the proceeding at issue was not necessary (T.W., Jan. 10, p. 43).

C & NW filed suit against the ICC seeking summary reversal of the agency's December decision. CP Rail is seeking to intervene in the court suit as well.

The court suit, filed recently in the U.S. Court of Appeals for the District of Columbia Circuit, is docketed as No. 83-1115, *Chicago & North Western Transportation Co. v. Interstate Commerce Commission and United States.*

At the ICC, the takeover proceeding at issue is docketed as Finance 28640, Sub. 9, *Chicago, Milwaukee, St. Paul & Pacific Railroad Co.—Reorganization—Acquisition by Grand Trunk Corporation.*

CP Rail's petitions for intervention in the court case and ICC proceeding were simultaneously filed February 2.

Argument will be held in the court case on February 25.

Mr. R. Milton Clark
Manager-Customer Service
Room 319, Depot
Milwaukee, WI

FEB 22 1983

Capital Times - Madison - February 7, 1983

Madison to Janesville rail sale in limbo

By VIRGINIA MAYO
Capital Times Staff Writer

Will the Milwaukee Road be allowed to abandon 36.4 miles of track between Madison and Janesville?

State Transportation Department Chief Legal Counsel James Thiel said the federal court in Chicago handling the Milwaukee Road's bankruptcy has indicated the railroad is making money on the line, contrary to earlier testimony submitted to the court.

Milwaukee Road representatives indicated that the railroad's earlier testimony that the line was losing money was incorrect. As a result, Federal Judge Thomas McMillen said he wasn't sure he would authorize abandonment of the line.

Wisconsin has almost completed its appraisal of the line. Last year, the Wisconsin River Rail Transit Commission offered $910,000 to purchase the track and right of way. The Milwaukee Road said the selling price for the line was $2.7 million.

But Thiel said the state would make no offer to purchase the line until the court authorizes its abandonment.

Shippers along the 36.4 mile line have said their businesses would be hurt if rail service is ended.

Thiel said removal, and subsequent replacement, of two 39-foot sections of track by the Milwaukee Road last week at the Monona Tower interlocker in Madison may have been an attempt on the part of the railroad to pressure the state into purchasing the Madison-Janesville line.

Last Monday, Thiel said the section of track had been removed, in apparent violation of an agreement the Milwaukee Road had with Wisconsin to keep the track intact.

The track is needed in order for the Middleton-to-Prairie du Chien and Milton-to-Waukesha shortlines operated by John Zerbel and the Southeastern Wisconsin Transportation Corporation to continue operating.

Thiel said pictures of the rail bed had been taken. Wisconsin also filed a protest with the Interstate Commerce Commission, asking that the track be replaced. But before any action was taken on that request, Thiel said the track section had been replaced on Thursday.

Milwaukee Road representatives claimed the bankruptcy court had authorized them to abandon and remove that portion of track.

Had the section of track not been replaced, Thiel said a hearing on the matter would have been held in Chicago Monday.

"There's no question — the removal of the track was not routine maintenance," Thiel said. **"This was an intentional disruption of service. Assuming the worst of motives, this would put pressure on the state to act quickly to purchase the Madison-Janesville line to prevent a disruption of service on the other lines. That's just not what we intend to do."**

Larry Long, assistant vice president of corporate relations for the Milwaukee Road said the tracks had to be removed because of a federal regulation.

Wisconsin State Journal, February 4, 1983

Railroad stalled takeover, state claims

By Joe Beck
Regional reporter

A lawyer from the state Department of Transportation is charging that the Milwaukee Road tried to stall the resumption of rail service by a short-line operator when it removed two sections of track from the Madison-Janesville line it abandoned last weekend.

James Thiel, who is representing the DOT in federal court in Chicago during the Milwaukee Road's abandonment proceedings, said he was "dumbfounded" by the act. He called it a violation of a court decision, which allows short-line railroad operator John Zerbel of Brookfield to take over the Milwaukee-Janesville line from the Milwaukee Road.

"By doing that (removing the rails), it severed the connection from Middleton west to Praire du Chien that the state had acquired back in July and the Milton Junction lines that had been acquired by the state of Wisconsin," Thiel said. "It's our position that the Milwaukee Road didn't have authority to do that because abandonment had not been approved."

Thiel said freight rail service between Middleton and Prairie du Chien, which Zerbel's company has provided since last summer, has remained intact, although a more roundabout route is being used.

The DOT has designated Zerbel, operator of two-short line railroad companies in southern Wisconsin, to succeed the Milwaukee Road as freight carrier between Madison and Janesville. The DOT is supposed to buy the Madison-Janesville line from the Milwaukee Road but has been unable to do so because of delays in getting an appraisal of the property, Thiel said.

Thiel said the DOT will seek a ruling from the federal court Monday to determine if the Milwaukee Road was authorized to abandon the Madison-Janesville line before receiving an offer to purchase from the DOT.

Zerbel said he expects to begin his freight service between Madison and Janesville within 10 days. He said he has completed the major part of his negotiations with the Milwaukee Road and the two missing sections of track have been replaced.

Nonetheless, Zerbel said he was mystified by the removal of the two sections at the Monona Tower rail intersection of the Milwaukee Road and Chicago and Northwest Rail Co. lines. The intersection is located in near John Nolan Drive in Madison.

Cont'd......

Wisconsin State Journal
February 4, 1983
Railroad stalled takeover, state claims -- Cont'd.

A Milwaukee Road spokesman denied that his company was trying to obstruct other carriers from operating on the line.

Larry Long, assistant vice-president of corporate relations with the Milwaukee Road, said the tracks had to be removed because a federal regulation would have made it impossible for the Chicago and Northwest trains to pass through the intersection if the tracks were removed.

Long said the federal regulations require that the Chicago and Northwest trains be signaled through the intersection. This had been done by Milwaukee Road employees until Jan. 30 when the line was abandoned. The employees at the Madison depot were laid off and there was no one to signal the Chicago and Northewest trains through the crossing unless the sections of track were removed from the intersection, Long said.

Journal of Commerce
February 10, 1983

Court OKs Railroad Tax Plan

Journal of Commerce Staff

WASHINGTON — A Milwaukee Road deferred tax settlement plan involving as much as $22 million has been approved by the court overseeing railroad's reorganization under the bankruptcy laws.

The program will allow the line to use funds from the Milwaukee Land Co. to pay 90 percent of its state and local tax debt.

Under the terms of the settlement program, cash payments of 90 percent of the tax liability will be made within 60 days of an acceptance offer by the locality. Any subsequent claims arising out of past due taxes will be waived by those accepting the offer.

Payments will be made from April 1 through August 30. Tax claims not settled as part of the program will be paid as part of an approved amended plan of reorganization.

Wisconsin State Journal
February 10, 1983

Railroad tax plan authorized

CHICAGO (AP) — A $22 million deferred tax settlement program, proposed by Milwaukee Road officials under the railroad's reorganization plan, has been authorized by a federal judge.

The program was approved Monday by U.S. District Judge Thomas McMillen. It allows railroad trustee Richard Ogilvie to use funds from the Milwaukee Land Co. to satisfy certain outstanding state and local claims against the carrier at 90 percent of the principal amount.

Milwaukee Land Co. is a wholly owned subsidiary of the railroad.

Under settlement terms, cash payments of 90 percent of the tax liability will be made by Ogilvie within 60 days of receipt fo written acceptance of the offer by the taxing authority.

Taxing authorities accepting such payments will be required to waive any further claims arising out of past-due taxes.

The Des Moines Register
February 9, 1983

Court approves Milwaukee plan

By RANDY EVANS
Register Staff Writer

A federal judge in Chicago has approved a proposal by the Milwaukee Road's bankruptcy trustee to pay nearly $22 million in past-due property taxes the railroad owes in 13 states, including Iowa.

The Milwaukee has offered to settle its tax bills by paying 90 cents of every $1 in taxes the company owes. The company will not pay any penalties or interest on the overdue bills.

In Iowa, the railroad has run up a $3 million tax debt since 1977, when the company went into U.S. Bankruptcy Court to resolve its financial problems. The taxes were levied by Iowa counties, cities, and school districts.

But a little-known 1981 state law — which is now being challenged in the Iowa Supreme Court — stipulated that past-due railroad taxes in the future would go to the Iowa Railway Finance Authority to pay for rail improvements in the state.

Officials of the Iowa Department of Transportation and Iowa State Association of Counties have been working on an agreement under which the Milwaukee's tax settlement offer would be accepted and the money held in escrow until the Supreme Court decides who is lawfully entitled to the money.

Chicago Sun-Times
February 9, 1983

MILWAUKEE ROAD: A reorganization court approved a plan for the Milwaukee Road to settle about $22 million in tax claims. Under the program, the railroad will pay 90 cents on the dollar for the past due taxes, and payments will be made from April 1 through Aug. 30. The funds for repayment will come from the Milwaukee Land Co., a subsidiary of Milwaukee Road.

Green Bay Press Gazette
February 11, 1983

Plan to save Milwaukee Road OK'd

CHICAGO (AP) — A $22 million deferred tax settlement program, proposed by Milwaukee Road officials under the railroad's reorganization plan, has been authorized by a federal judge.

The program has been approved by U.S. District Judge Thomas R. McMillen. It allows railroad trustee Richard B. Ogilvie to use funds from the Milwaukee Land Co. to satisfy certain outstanding state and local claims against the carrier at 90 percent of the principal amount.

Milwaukee Land Co. is a wholly-owned subsidiary of the railroad.

Under settlement terms, cash payments of 90 percent of the tax liability will be made by Ogilvie within 60 days of receipt fo written acceptance of the offer by the taxing authority.

Taxing authorities accepting such payments will be required to waive any further claims arising out of past-due taxes.

Payments, which Ogilvie said would amount to close to $22 million, will begin April 1 and continue through Aug. 30.

Tax claims not settled as part of the program will be paid as part of an approved amendment of the reorganization plan.

Minneapolis Star-Tribune, February 10, 1983

Milwaukee Road tax plan approved

U.S. District Judge Thomas McMillen of Chicago has approved a tax-settlement program for the bankrupt Milwaukee Road railroad.

The program will allow Richard Ogilvie, trustee for the railroad, to use funds from the Milwaukee Land Co. to satisfy state and local tax claims against the railroad at 90 percent of principal amount.

Milwaukee Land Co. is a wholly owned subsidiary of the railroad.

Bill Bickley, a Milwaukee Road spokesman, said the railroad owes $2.45 million in deferred taxes to state and local governments in Minnesota. If the governments agree to the plan, they will be paid 90 cents on the dollar, or a total of $2.205 million. "It gives them back the money quicker than waiting for the whole reorganization to be settled," Bickley said. Tax claims not settled as part of the program will be paid as part of the railroad's reorganization plan. The railroad filed for reorganization in 1977.

Altogether, Ogilvie estimated that the Milwaukee Road would pay nearly $22 million under the program.

Chicago Tribune, February 9, 1983

Business ticker

Milwaukee Road tax plan OKd

Chicago, Milwaukee, St. Paul & Pacific Railroad Co. said court approval had been received for a Milwaukee Road plan to settle about $22 million in tax claims. Under the program, the railroad will pay 90 cents on the dollar for the past-due taxes, and payments will be made from April 1 through Aug. 30. The funds for repayment will come from the Milwaukee Land Co., a subsidiary of Milwaukee Road.

Wall Street Journal
February 10, 1983

Milwaukee Road Says Court Cleared Plan To Settle Tax Claims

By a WALL STREET JOURNAL *Staff Reporter*

CHICAGO—Chicago, Milwaukee, St. Paul & Pacific Railroad said a federal reorganization court approved its plan to settle as much as $22 million in state and local tax claims.

Under the plan, the Milwaukee Road, as it is known, will pay 90 cents on the dollar of overdue taxes.

The Milwaukee Road said it will pay the taxes between April 1 and Aug. 30, following written acceptance of the offer by states and localities. Any state and local tax claims that can't be settled under the program will be paid as part of an approved amended reorganization plan, Milwaukee Road said.

The railroad filed under the U.S. Bankruptcy Code in 1977 and has said it expects to be out of reorganization by the beginning of 1985.

Journal of Commerce
February 1, 1983

Trust Certificate Issue Awarded

Journal of Commerce Staff

WASHINGTON — An issue of Baltimore and Ohio Railroad equipment trust certificates totaling $14,910 million was awarded to a syndicate headed by the First Boston Corp., Lehman Brothers Kuhn Loeb Inc., and Prudential-Bache Securities Inc.

The trust was created to finance most of the $20 million cost of 26 locomotives. The locomotives are 3,000-horsepower GP 40-2 models.

Remember when . . .

. . . Milwaukee padlocks sealed up all those New York speakeasies?

Padlocks, near-beer, a brewery and Prohibition all were parties to a special event in Milwaukee's railroad yard on Erie St. on Feb. 20, 1928. Seven Master Lock Co. trucks delivered 147,000 padlocks, a record-breaking shipment for the company, to the railroad yard, where they were loaded into a boxcar. The car itself then was sealed with a three-foot high, 25-pound lock by Acting Mayor Cornelius Corcoran. Corcoran used a bottle of near-beer to christen the shipment, which was on its way to New York City to be used by federal prohibition agents in closing illegal drinking establishments. A huge key to the padlock sealing the car was sent ahead to New York City Mayor Jimmy Walker. Ironically, the lock company at the time was located at 926 Juneau Ave. in quarters leased from the Pabst Brewing Co. — prohibition, of course, had closed the brewery.

Photograph and information courtesy of John M. Lupiezowiec, who is compiling a history of Master Lock Co. and is seeking additional information. "Remember When" is prepared by the Milwaukee Public Library with resources from the local history collection.

Journal of Commerce
February 15, 1983

Thomas M. Beckley and **Dennis M. Cavanaugh** have been named to top executive positions at the Soo Line Railroad Co. Mr. Beckley has been named chairman and chief executive officer. He had been president and chief executive officer since 1980. Mr. Cavanaugh, who is becoming president and chief operating officer, had been executive vice president since 1981. Also named to new positions were **Clifford C. Leary** who became vice president operations and **George H. Barker** who is the new vice president maintenance. Mr. Leary had been general superintendent of transportation and Mr. Barker had been chief mechanical officer.

USA Today, February 1, 1983

MISSOURI

St. Louis — The Norfolk and Southern Railroad says it won't allow a proposed $135 million light rail commuter system to use its tracks. The railroad says its policy is to allow only its own trains on the tracks. . . .

MAINE

Oakland — Work resumes this morning to right a derailed Maine Central railroad car filled with explosive sodium chlorate. Eleven other cars that jumped the track Friday have been cleared. . . .

ARKANSAS

Little Rock — A bill raising Arkansas' truck weight limit to 80,000 pounds was signed into law by Gov. Clinton. Previously, trucks weighing more than 73,280 pounds were banned from the state's roads. . . .

Milwaukee Journal, February 6, 1983

Urbanizing of correction system urged

Criminal offenders tend to come from urban areas and the public must improve and expand corrections programs and facilities in those urban areas, says the Public Safety Task Force.

Seven counties in Wisconsin supply about 70% of all the offenders in state-supervised correctional programs, the task force notes. They are: Milwaukee, 44%; Racine, 6%; Kenosha, 5%; Rock, 4%; Dane, 4%; Brown, 3%; and Waukesha, 3%.

In addition, most offenders are not in prison, as people believe. About 75% are under supervision in their own communities, the task force says.

Nevertheless, the task force says, "the general public ... whether through fear or ignorance, has not been supportive of urban-based correctional programs and facilities."

The task force suggests these solutions:

Provide incentives to urban areas for the development of correctional facilities and programs.

Specifically, the task force suggests tax credits for neighborhoods that are willing to accept such things as halfway houses or prisons. Credits would be "based upon the risk involved or the need to locate in a particular area."

Also, the task force suggests that counties be financially rewarded if they supervise offenders locally rather than send them to state correctional institutions.

Expand community-based programs such as probation, halfway houses, pre-release centers, parole, work-release and study-release.

Locate a major medium-security or maximum-security prison in Milwaukee County.

The task force declares that the prison should be in Milwaukee County because it would be close to "a diversified and skilled employe base; universities and colleges for research, consultation and educational opportunities; racial-ethnic minority populations; inmate family members; a variety of churches and volunteer associations; and potential inmate employment opportunities."

Construction of a new Milwaukee County Jail.

The task force said that some offenders should be diverted from the traditional correctional system.

Specifically, it said:

Offenders who need treatment for physical illness, mental illness, alcohol abuse and other drug abuse should be diverted to other systems "which can treat them more effectively."

If an offender can make restitution to his victim without involving the formal correctional system, that should be done.

Regarding juvenile crime, the task force had these ideas:

Continue programs such as those for alcohol and other drug abuse.

Increase emphasis on programs that support family ties.

Encourage school programs that "enhance juvenile understanding and development of values."

Find ways to deal with "low to moderately serious" juvenile crimes in ways that do not require confinement.

The task force comments:

"It costs at least $25,000 a year to support a juvenile in a state institution....

"Where possible, community service orders, restitution and job-training programs should be promoted as alternatives to juvenile incarceration."

—Journal Photo

The old Trostel tannery at 1776 N. Commerce St. is the proposed site of a prison

Journal of Commerce
February 8, 1983

BN Shelves Grain-Pool Plan

A proposal to create a pool of railroad-owned and private covered hopper cars for grain shipments is being shelved by the Burlington Northern Railroad.

Instead, the railroad has returned to talking again with shippers to find a solution to the car oversupply problem which has been made worse by reduced grain carloadings.

Shipper opposition to the plan apparently prompted Burlington Northern to act. Similar proposals made previously by other railroads also have been withdrawn.

"After frank and candid discussions with BN grain shippers, we have concluded that the proposal is seriously flawed," said Walter Drexel, chairman of the board of the railroad told the Northwest Shippers' Advisory Board in St. Paul, Minn.

It was believed that shipper opposition and operational and administrative problems were the main stumbling blocks which led railroad officials to back off from the plan.

The proposal called for creating a pool which included all of the railroad's covered hopper cars and a portion of privately owned ones.

The most recent plan being shelved called for shippers to bid to enter the pool with low bidders being accepted. It would have prompted a large increase in utilization of railroad owned cars while privately owned car participation would have dropped.

Railroad officials released figures when the new plan was proposed about six weeks ago which indicated that 6,000 to 8,000 of the 13,000 car private fleet would enter the pool. All 12,500 railroad covered hoppers would have been included. About 4,000 of the railroad-owned cars are idle on any given day.

"Our discussions with grain shippers have given us several new ideas that we will be pursuing in the near future," Mr. Drexel said, but a railroad spokeswoman declined to elaborate on what options were being discussed.

Mr. Drexel asserted that BN remained optimistic that a solution to the oversupply problem could be found and he re-emphasized that railroad's commitment to adjusting fleet size to prompt transportation savings and efficient operations. Burlington Northern had advanced other proposals before the December one, but no agreements have been reached with shippers.

Journal of Commerce, February 7, 1983

RoadRailer, BN Discuss New Service

By RIPLEY WATSON 3rd
Journal of Commerce Staff

A proposal to operate the intermodal RoadRailer over the Burlington Northern Railroad between Chicago and Houston later this year is being negotiated by the railroad and RoadRailer Inc.

The operation would become the second RoadRailer operating in the U.S. if the talks are successful.

The two companies announced that they have signed an agreement to establish the service on a six-day a week basis with three intermediate stops between the origin and destination.

Other terminals would be located in Kansas City, Mo., Tulsa, Okla. and Dallas, Texas.

A number of potential questions and issues have to be resolved before the operation could begin.

A major one is expected to be labor issues, since other RoadRailer operations have been established with smaller than usual crews which run longer distances than other railroad operating employees do.

The agreement calls for the service to start during the third quarter of 1983. A train hauled by Conrail using RoadRailer equipment currently is operating between New York City and Buffalo, N.Y.

The RoadRailer, which was developed by the Bi Modal Corp. of Greenwich, Conn., has the capacity to operate both on railroad tracks and highways with the ability to switch from rail to highway mode in less than five minutes.

RoadRailer is intended to be an alternative to piggyback transportation which is lighter and more fuel efficient than conventional intermodal equipment.

The proposed train will be known as the "South-West Xpress."

It will be operated on a dedicated basis, meaning that the train will include only RoadRailers since the equipment is incompatible with other railroad cars.

The highway feature of the RoadRailer would allow the market area served to extend beyond the cities where terminals have been proposed.

Another question which still needs to be resolved is the location and operation of terminals.

The New York operation is staffed by RoadRailer marketing, terminal and operations personnel with Conrail acting only as the carrier for the train, which is known as the "Empire State Xpress."

It was not clear whether the same agreement would be reached for Burlington Northern.

Other potential questions which need to be answered relate to anti-trust and scheduling issues.

Burlington Northern has tested a large variety of intermodal equipment, including both RoadRailers and other similarly designed cars.

"RoadRailer was a proven performer in test service on the Burlington Northern, said Bill Greenwood, who heads the railroad's intermodal operations.

The train regularly operated on the BN's Chicago-Seattle mainline while it was being tested, but the decision to explore a Chicago-Houston routing suggested an effort to penetrate the more competitive market which includes two other railroads and truck traffic on a route of about 1,000 miles.

Robert Reebie, president of RoadRailer said "we are delighted at the prospect of working with Burlington Northern to bring the South-West Xpress into reality. The service will extend benefits of RoadRailer equipment to transportation customers on this major intermodal route."

If the Chicago-Houston service starts, it will be the third railroad on which RoadRailer has operated on a regular basis. A run between Louisville, Ky. and Memphis, Tenn. using the Illinois Central Gulf Railroad tracks operated for about a year before being discontinued in late 1982 when traffic levels dropped.

Minneapolis Star-Tribune
February 5, 1983

Antitrust probe of BN ends without any action

The U.S. Department of Justice has advised Burlington Northern, Inc., (BN) that it does not intend to take any action against BN's takeover of El Paso Gas Co. of Houston.

BN had acquired El Paso, an energy company with extensive natural gas holdings in Texas and New México, last month in a transaction valued at $604 million.

At the time of the transaction, Seattle-based Burlington Northern agreed it would divest El Paso's coal reserves in Wyoming, Montana and the Dakotas if the Justice Department found that their acquisition would lessen competition in those states, where Burlington Northern already owns considerable coal reserves.

With the Justice Department ending its antitrust investigation, BN said the agreement is no longer in effect.

Burlington Northern is acquiring El Paso by paying El Paso stockholders $24 a share for 21 million shares. In addition, it is buying another 4.17 million shares for $24 apiece directly from El Paso, thus providing El Paso with an immediate cash infusion of $100 million. The effect is to give BN slightly more than 50 percent of El Paso's 51.2 million shares outstanding.

El Paso had resisted Burlington Northern's original tender offer of $24 a share but agreed to the takeover when BN restructured the offer to provide the $100 million cash infusion.

Besides its coal holdings, El Paso has 16.7 trillion cubic feet of known natural gas reserves dedicated to its pipeline system, which serves markets primarily in California. El Paso had revenues of $3.9 billion and earnings of $147 million in fiscal 1981 (its 1982 results haven't been reported yet), with a long-term debt of $1.6 billion.

Burlington Northern is a holding company whose primary operation is the St. Paul-based Burlington Northern Railroad; it also has coal, oil and gas operations. It had 1982 revenues of $4.2 billion and earnings of $283.7 million.

Wall Street Journal
February 7, 1983

Burlington Northern Says U.S. Probe Ended

By a WALL STREET JOURNAL *Staff Reporter*

SEATTLE — Burlington Northern Inc. said it was notified that the Justice Department has ended its investigation into possible antitrust violations involving its acquisition of El Paso Co., and that the agency doesn't plan to take any action.

In early January, Burlington agreed to divest itself of El Paso's coal reserves in four Northern Plains states, if the Justice Department found that their acquisition by Burlington would lessen competition in that area. Now Burlington will retain the coal reserves.

Burlington, a transportation and natural-resources company, acquired El Paso, a Houston-based oil and gas concern, in mid-January, in a transaction valued at $604 million.

In Washington, a Justice Department spokesman said the agency "has concluded its investigation" into the merger, and hasn't found any "violation of the antitrust laws." He declined to comment further.

Wall Street Journal
February 11, 1983

C&NW Posts Losses For Quarter and 1982

By a WALL STREET JOURNAL *Staff Reporter*

CHICAGO — Chicago & North Western Transportation Co. reported a fourth-quarter loss of $5.8 million compared with profit of $13.3 million, or 95 cents a share, the year earlier.

Operating revenue declined 14%, to $195.3 million from $226.7 million.

James R. Wolfe, president of the railroad, said the results "reflect the severity of the economic recession." But, Mr. Wolfe added, Chicago & North Western sees signs of an economic upturn in significantly higher carloadings so far in 1983. Because of the increased loadings, reduced expenses and a work force reduced to 10,000 from a high of 15,000, Mr. Wolfe said: "We are looking for a much stronger performance in 1983."

Chicago Tribune, February 8, 1983

C&NW buying RI trackage

CHICAGO & NORTH Western Transportation Co. Monday said it plans to buy about 720 miles of trackage from the bankrupt Chicago Rock Island & Pacific Railroad for an undisclosed price.

The railroads are "close to an agreement" on the deal, which will be submitted for approval to U.S. District Court Judge Frank J. McGarr, said a spokesman for the C&NW.

The trackage being sold includes the Rock Island main line between Minneapolis-St. Paul and Kansas City, some grain-gathering lines in northern Iowa and some yard and industrial trackage in Des Moines and Cedar Rapids, Ia., the C&NW said.

The trackage has been leased and operated by the Chicago & North Western since 1980, the spokesman said. The railroad has been paying the Rock Island $5.5 million a year in rent for it, said William Gibbons, Rock Island trustee.

THE SALE WOULD increase the Chicago & North Western's current 7,000 miles of trackage by about 10 percent.

It is the first Rock Island trackage bought by the Chicago & North Western.

Philadelphia Inquirer, February 1, 1983

Trains: *One ticket too many*

The town of Valley, Neb., is tired of writing parking tickets for trains, and the Union Pacific is tired of paying them.

Union Pacific trains frequently block four street crossings in the city, including the main one on Spruce Street. In response, traffic tickets have issued for violating of a city ordinance regulating the length of time a train can block a street, including a five-minute limit on Spruce Street.

But it is a little difficult to put a ticket under the windshield wiper of an illegally parked locomotive. "We just send it to Omaha or call them and tell them it's here," said Mayor John L. Sullivan. "There have been several $50 fines in the last few years."

Railroad spokesman Joe McCartney said Union Pacific has decided to resolve the problem by moving its switching operations up the line to Fremont.

The Des Moines Register, February 8, 1983

North Western, Rock agree on track sale

By LARRY FRUHLING
Register Business Editor

The bankruptcy trustee for the defunct Rock Island Lines said Monday he had reached an agreement in principle to sell 720 miles of the Rock's trackage, including hundreds of miles in Iowa, to the North Western Railway.

The agreement, still subject to approval by the federal courts and the Interstate Commerce Commission, sets the stage for a final resolution of the uncertainty over railroad service that has afflicted Iowa shippers since the Rock Island folded more than three years ago.

Neither the North Western nor William Gibbons, the Rock Island's trustee, would disclose the purchase price.

Gibbons did say, however, that the North Western had bid a higher price than the Soo Line Railroad Co., which announced last September that it also wanted to buy the track the North Western was seeking.

"Dollars are the name of the game, so I can pay my [the Rock Island's] creditors," Gibbons said.

The 720 miles of line involved in the agreement announced Monday include what was once the Rock Island's main north-south line from Minneapolis-St. Paul to Kansas City. The line cuts through Iowa at Mason City, Iowa Falls, Des Moines and Chariton.

More than 200 miles of branch lines in Iowa, primarily in the northwestern part of the state, also are included in the agreement.

These grain-gathering lines run from Royal to Palmer, Belmond to Forest City and Iowa Falls to Estherville. Also included in the deal are yard trackage in Des Moines and Cedar Rapids and a spur line from Carlisle to Indianola.

Gibbons, in a telephone interview from Chicago, said that unless an unexpected hitch develops, he will take the agreement to U.S. District Court Judge Frank McGarr for preliminary approval in about three weeks. Then, he said, the plan would go to the Interstate Commerce Commission, which would rule on its public interest aspects, and would be returned to McGarr for final approval.

Gibbons said that although he has embraced the North Western's offer, the Soo Line still could go directly to federal court with a counterproposal.

A Soo Line spokesman said he doesn't know whether the Minneapolis-based railroad will up the ante. "Right now I can't tell you that we would or we wouldn't," said John Bergene. "We are interested in the lines. We always have been."

Gibbons said he expected the North Western to pay cash for the Rock Island property.

Jim MacDonald, a North Western spokesman, said the railroad would rely primarily on "bank borrowing" to make the purchase. In the first nine months of 1982, the North Western reported a loss of $13.2 million on revenues of $608.5 million.

MacDonald said that figures for the full fiscal year are not available yet, but that he does not expect the company to show a profit.

The trackage that Gibbons agreed to sell has been operated under lease agreements between the North Western and the Rock Island estate since the Rock collapsed in January 1980.

Journal of Commerce
February 7, 1983

Agency Rules On Rail's Kan. Route

Journal of Commerce Staff

WASHINGTON — The Denver & Rio Grande Western Railroad Co. may interchange traffic with all other carriers at Herington, Kan. the Interstate Commerce Commission has ruled.

The clarification came after commission approval of D&RGW's acquisition of Missouri Pacific Railroad lines between Pueblo, Colo. and Kansas City, Mo.

The ICC said it did not restrict interchanging rights at Herington since interchanging was necessary for D&RGW to become fully competitive in the central corridor.

Journal of Commerce
February 7, 1983

Correction

An item in these columns on Feb. 1 incorrectly reported that Interstate Commerce Commission Chairman Reese H. Taylor Jr. said that U.S. trucking companies' fears about intrusions by Canadian carriers were groundless.

Actually Mr. Taylor said that an ICC investigation into the matter revealed that no discrimination aganist U.S. carriers by the Canadian government exists at this time.

Daily Courier News, February 12, 1983

North Western receives OK to cut Elgin-Crystal Lake line

By Jack Biesterfeld

The Interstate Commerce Commission has approved a request from the Chicago and North Western Railway to abandon 12.2 miles of track between Elgin and Crystal Lake, but appeals of that ruling could delay the abandonment or reverse the decision.

This is the second time the ICC has ruled on the line abandonment. In 1981 the ICC rejected the North Western's request, but the C&NW reapplied for abandonment, claiming that ICC decision was based on erroneous information.

The section of line to be abandoned starts north of downtown Elgin and ends just south of Crystal Lake. The railroad says both Elgin and Crystal Lake firms will still be served by it but the nearly dozen businesses in East Dundee, Carpentersville and Algonquin would lose rail service. It is unprofitable to provide freight service along that segment of the line, the railroad claims.

ACCORDING TO C&NW public relations director James McDonald, the ICC ruling was handed down Feb. 4, and if no appeals are filed, becomes effective March 6. Objectors have 30 days from the ruling in which to file an appeal with the ICC, he said.

If no appeal is filed, the railroad will begin abandonment proceedings and service on the line would end by April 20, according to Robert Milick, chairman of the railroad's line abandonment committee.

"At this point, I do not know of any appeals," Milick said, but there is a strong possibility some will be filed.

When the railroad filed for abandonment, a dozen businesses and industries served by the line as well as the state, Algonquin and the United Transportation Union all filed objections. Any one of them, or anyone else, could ask the ICC for an appeal.

IF AN APPEAL is filed, abandonment could be delayed at least until summer.

Businesses along the line claim their shipping costs will increase greatly if rail service is ended and they must ship and receive goods by truck. The villages affected fear that truck traffic on village streets will increase if the line is abandoned, increasing congestion and street maintenance costs.

McDonald said the railroad has lost money on the line for years. In 1980 it lost $20,518 in operating revenue on the line, and in 1981 it lost $5,378. In addition, he said, in each of the last two years the railroad lost $53,313 that would have been generated had not company assets been tied up in the unprofitable line.

IF THE line is abandoned, McDonald said the railroad would likely tear up the tracks and salvage as much of the rails and ties as possible. The rest would be scrapped.

The roadbed, he said, would be sold, probably to adjacent landowners. However, he said the railroad would be willing to negotiate with any group wishing to turn the roadbed into a trail for hiking and bicycling, such as was done for the Great Western trail west from St. Charles and the Chicago, Aurora and Elgin right-of-way which became the Illinois Prairie Path.

Journal of Commerce, February 8, 1983

Chicago and North Western Wins Battle for Rail Route

Journal of Commerce Staff

The Chicago & North Western Railroad has won a battle for a potentially lucrative rail route between the Twin Cities and Kansas City.

The trustee for the bankrupt Chicago, Rock Island and Pacific Railroad and the Chicago & North Western made the joint announcement that the North Western's bid for about 720 miles of trackage it had been operating has been accepted.

The amount of the sale wasn't released by either party, but it is known that the North Western has been paying the Rock Island $5.5 million a year for the lines it has operated since early 1980.

William Gibbons, trustee of the Rock Island, said the parties would bring the sale agreement to U.S. District Court Judge Frank McGarr within two weeks.

The other bidder for the property is the Soo Line Railroad. A spokesman for the Soo Line, which wanted the route to complement its grain originating lines to the north, had no comment.

The route is the most direct and level one between Kanas City and Minneapolis-St. Paul. It could serve as a direct conduit for grain and other movements out of the northern Great Plains headed for Gulf ports via two or three rail routes.

If the line is rehabilitated to accept a higher volume of traffic once the economy improves, as the North Western has said it would do, the route could change the pattern of movement for grain which has taken a longer route around the old Rock Island route in some cases.

Sources have said that other railroads, including the Kansas City Southern and Burlington Northern, had been interested in the property, but only the Soo Line had entered a bid.

Kansas City Southern is one of the primary southern connections for traffic bound for Gulf ports. Burlington Northern, which has substantial trackage in the upper Midwest, doesn't have a direct route between

cont'd...

Journal of Commerce
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C&NW Wins Battle for
Rail Route - Cont'd.

Minneapolis and Kansas City, two of the Midwest's distribution hubs.

Chicago & North Western officials didn't release figures on the traffic levels on the line, but said that the amount of traffic was closely tied to grain shipment patterns.

The North Western's lease of the lines began in April, 1980.

Previously, the line was operated by a terminal railroad in Kansas City after the Rock Island ceased railroad operations.

Other trackage in Northwestern Iowa also has been included in the operating lease as has yard trackage in Des Moines and Cedar Rapids, Iowa.

The North Western has been operating trains on the portion of the line south of Des Moines by sending loads down its own slightly longer route and returning empty cars on the Rock Island trackage which cannot accommodate faster, heavier traffic due to its condition.

It was believed that Securities and Exchange Commission considerations were part of the timing of the announcement.

The Chicago and North Western operates west and north from Chicago to Minneapolis and to Omaha and Fremont, Neb. where it interchanges traffic with the Union Pacific Railroad.

The line also is involved in a battle to move Powder River Basin coal from Wyoming.

While the North Western has a route on its own tracks between Minneapolis and Kansas City by using trackage rights for a small portion of the run, the ex-Rock Island route is at least 50 miles shorter and has less steep grades. The Rock Island, which recently filed a reorganization plan, has, including the 720 mile segment, completed the sale of 3,000 miles of its lines.

Another 1,800 are being operated under contract or are subject to negotiations or pending financing agreements, Mr. Gibbons said. About 1,600 of the other 2,200 miles of line will be dismantled with court approval, Mr. Gibbons said.

Wall Street Journal
February 14, 1983

Southern Pacific Unit's Officers Subpoenaed Over Closing of Train

Special to THE WALL STREET JOURNAL

SAN FRANCISCO—The California Public Utilities Commission ordered three top officers of Southern Pacific Co.'s Southern Pacific Transportation Co. unit to explain before the commission tomorrow the company's decision to close a commuter train between Oxnard, Calif., and Los Angeles without commission approval.

The 66-mile, weekday-only run was stopped last Monday.

The company declined to comment on the commission's action to subpoena Southern Pacific Transportation's chairman, D.K. McNear; its president, R.D. Krebs, and its vice president, W.J. Lacy.

A company news release issued Feb. 4 said it was stopping the service because the California Department of Transportation, the state agency contracting the service, had refused to pay more than $2.4 million in debt accumulated since the run started Oct. 18.

The commission's legal counsel, Janice Kerr, said the debt wasn't the issue. She said the railroad, under California law, needs the commission's approval to discontinue passenger service. The company contends the commission lacks authority.

Mr. Krebs, in his Feb. 4 release, said the run was costing the state's taxpayers about $170 a day for each commuter and added "that just doesn't make sense."

The commission's legal counsel said the commission has the authority to cite the company for contempt and levy a fine of as much as $2,000 a day.

Des Moines Register
February 10, 1983

Dispatchers, crew blamed in Amtrak crash

By DAVID ELBERT
Register Staff Writer

A federal agency has found fault with the dispatchers and crew of an Amtrak train that derailed June 15 in western Iowa, killing one passenger and injuring at least 25 others.

In issuing its finding of probable cause, the National Transportation Safety Board also made a number of recommendations relating to emergency procedures used by Amtrak officials. One of them was that passengers be told how to get out of the train in an emergency.

The board determined that the train was going 74 mph in early-morning darkness when it hit a flooded, washed-out section of track west of Emerson in Mills County.

Because of heavy rains in the area, the train should have been going no faster than 30 mph when it came upon the flooded section of track, the board said.

Board spokesman Ira Furman said the board found that dispatchers employed by Burlington Northern Railroad, which operates the Amtrak trains in Iowa, "allowed the Amtrak train to continue onto track that had been washed out by flood waters because the railroad did not have adequate means of collecting and evaluating weather information.

"Contributing to the accident was the failure of the locomotive crew to recognize and respond adequately to the flood danger and the failure or inability of other railroad employees to adequately assess weather information and take action," Furman said.

Pat Stafford, a spokesman for Burlington Northern, Wednesday said the railroad had not seen the federal agency's findings and would not comment at this time, except to say that the Burlington Northern had investigated the accident and "no employees were disciplined as a result."

Recommendations made by the safety board included:

- A program for training and retraining of on-board employees in emergency procedures, including the operation of emergency exits.
- Amtrak should evaluate distribution of a booklet it has prepared to assist persons making emergency evacuations. "The people in Emerson did not have a copy of that book, although it was prepared for the purpose of assisting such people," Furman said.
- Amtrak was urged to make any necessary changes in emergency lighting. Furman said the train's emergency lighting failed on the night of June 15.

Cedar Rapids Gazette, February 3, 1983

IDOT panel opposes abandonment of rail line to Buckingham elevator

By Dave Rasdal
Gazette Eastern Iowa reporter

AMES — Abandonment of a Chicago & North Western Railroad branch line southwest of Waterloo should not be allowed, according to action taken Tuesday by the Iowa Department of Transportation Commission.

The Chicago & North Western filed a request last December to abandon 10.2 miles of a branch line and side track from near Voorhies to Buckingham in northern Tama County. The railroad claimed the maintenance of the track in the future would make it too costly for continued operation. The request also pointed out that there are no planned expansions of business along the line.

Gene Jones of the IDOT railroad division, however, said the line was one of the most profitable for the railroad in 1980-81.

"The rate of return for this line is far greater than for the (average of the) rest of their system," he said.

Jones also said the benefit-to-cost ratio is too high for abandonment. The return of 83 cents for each $1 spent could be increased to $2 returned for each $1 if the line is upgraded, he said.

Buckingham Cooperative is the main user of the line, hauling grain by rail.

"I feel we need this line to be competitive in the market," said Orville Beenken, manager of the elevator. "I feel we need this here rail for the farmers. When we get down to it, that's where we all get our money."

The IDOT Commission only makes recommendations on abandonments. The Iowa Commerce Commission is scheduled to make the final decision on the abandonment proposal Feb. 21.

The commission voted 5-1 to oppose the abandonment. Commissioner Del Van Horn of Jefferson voted against the recommendation and Chairman Robert Rigler was absent.

In another railroad matter, the commission was told that the Iowa Railroad Company has completed negotiations with the trustee for the Rock Island Railroad to begin service on a 25-mile branch line between Atlantic and Audubon in western Iowa.

Les Holland, head of the IDOT rail division, said service is expected to start within the next several days. Holland estimated that shippers along the line will generate between 300 and 400 cars a year.

The Iowa Railroad Company operates the old Rock Island main line from Council Bluffs to Bureau Junction, Ill.

Journal of Commerce, February 15, 1983

Rail Offers Frozen Food Discounts

Journal of Commerce Staff

The Southern Pacific Co., apparently anxious to keep business gained during the independent truckers' strike, has announced lower rates on carloads of frozen foods within its 14-state rail system.

The announcement by Pacific Fruit Express, refrigerator car subsidiary of the company, said discounts could be as high as 35 percent from the new program.

The discounts are available through April 30.

The Southern Pacific Railroad was reported to have gained substantially on lettuce, celery and orange shipments made from the Imperial Valley of California during the strike.

Market share compared to trucking in some cases rose from 10 to 40 percent during the strike, sources said.

"Because of excess capacity on our lines, we are encouraging shippers who are now using trucks to try rail at these attractive rates," said Thomas D. Ellen, vice president of PFE.

PFE operates about 4,300 railroad cars and handles the marketing and pricing of those operations.

"We intend to please shippers with our PFE performance," Mr. Ellen said, "and then see if we can interest them in signing a contract for long-term rates and service."

For more information, contact Southern Pacific or Cotton Belt Railway sales offices.

The Washington Times
February 4, 1983

Coal pipeline set back

Coal slurry pipeline legislation was rejected yesterday for the second time this week by a House of Delegates panel.

The 11-8 vote by members of the House Corporation, Insurance and Banking Committee leaves backers of the project with merely a resolution calling for a study.

Pipeline opponents, led by executives of Virginia's railroad industry, had pledged to support the study resolution but said after their second victory yesterday that they will reassess their position.

Pipeline supporters, led by the Virginia Electric Power Co., had hoped to win approval of legislation allowing them to build a 380-mile pipeline from the state's southwestern coal fields to power plants on the southern edge of the Chesapeake Bay.

Such a pipeline, they said, would cut coal transportation costs.

That bill was killed Tuesday. A more limited bill, supported by the coal industry, was killed yesterday. Among Northern Virginia lawmakers, Delegates Gladys Keating, D-Franconia, and Kenneth Plum, D-Reston, opposed the pipeline bill, Delegate Vincent Callahan, R-McLean, supported it and Delegate Warren Barry, R-Springfield, abstained.

The railroad executives argued they could provide all the necessary coal transportation without the risks and expense involved in building the pipeline.

Richmond Times Dispatcher, February 4, 1983

Panel kills second slurry bill

By Dale Eisman
Times-Dispatch Staff Writer

A House committee, finishing what it started Tuesday, killed the second of two bills yesterday that could have led to construction of a coal slurry pipeline across the state.

The 11-8 vote in the House Corporations, Insurance and Banking Committee ended a pitched battle between railroad interests and the Virginia Electric and Power Co. It left Vepco, which wanted to build a pipeline in conjunction with Transco Coal Co., with apparently no chance for getting anything more than a slurry study out of the 1983 General Assembly.

The House Rules Committee is expected to vote on the study proposal this morning.

Coal slurry is a mixture of water and pulverized coal that can be pumped through a pipeline like other liquids. Proponents say a pipeline could carry coal from southwestern Virginia to Hampton Roads for about $7 per ton, compared with the $15 to $19 being charged by railroads.

Yesterday's vote came with no debate. "Each side," chairman Thomas W. Moss Jr., D-Norfolk, observed, "has had an opportunity to twist arms over the last couple of days."

The committee was deadlocked 10-10 Tuesday over a bill that would have repealed an existing law that effectively bars a slurry line in Virginia. That legislation, which proponents had agreed would not take effect until next year, was intended as a companion to the $200,000 study proposal.

A second slurry bill, which would have allowed the State Corporation Commission to regulate any slurry line, was killed in a 14-5 committee vote Tuesday.

The most-twisted arms, to borrow Moss' phrase, may have been those of Dels. Warren E. Barry, R-Fairfax, and Roland D. Ealey, D-Richmond. Ealey, who had supported the pipeline Tuesday, switched his stand to oppose it yesterday; Barry, an opponent on Tuesday, left his seat at the committee table to avoid voting yesterday.

"I got so much damn pressure from both sides," Barry said later, "I said the hell with it."

"I was well-lobbied by both sides," but not really influenced by either, Ealey said.

Ealey said his change of mind was prompted by concern about the rights of landowners along the southwestern Virginia streams from which water for the pipeline would be drawn. Experts retained by Vepco and Transco had testified that the 14 million gallons of water the line would need daily could easily be obtained from any of several streams in the southwest.

Despite that, Ealey said he thought there was "no way in the world it could conceivably not disturb the natural water flow."

Railroad lobbyists hailed yesterday's vote, saying that economic and environmental questions about the slurry proposal were just too much for the slurry proponents to overcome.

The Vepco-Transco plan was a "pie in the sky" proposal that would have forced railroads to increase their rates for other goods to compensate for the loss of their "cream" — coal traffic — said United Transportation Union lobbyist Houston W. Kitts.

Vepco and Transco lobbyists said they were disappointed but not particularly surprised. "They were pulling on theirs," lobbyist William G. Thomas said of the railroads; "and we were pulling on ours."

Thomas discounted suggestions that a Vepco electric rate increase, filed with the SCC earlier this week, had any impact on the slurry bills. "The timing was poor," he acknowledged, but the request probably did no more than provide "something to talk about on the other side."

Transco President James B. Crawford, who was on hand for the vote, said his company remains interested in a Virginia pipeline but now will shift more of its attention to the possibility of an interstate line.

Congress is expected to consider legislation within the next few weeks that would permit interstate slurry lines.

Washington Post
February 4, 1983

Slurry Pipeline Bill Killed

The last piece of legislation aimed at enabling the construction of a coal slurry pipeline in Virginia died today in the House Corporations, Insurance and Banking Committee, which defeated the bill 11 to 8.

"I'm very happy with the decision," said former senator William Hopkins, a lobbyist for the Norfolk Southern Corp., one of the nation's largest coal-hauling railroads.

"I'm obviously disappointed," said Curry Roberts, executive director of Virginia Coal Slurry Associates, a consortium composed primarily of Virginia Electric and Power Co. and Transco Coal Corp.

The bill killed by the committee was the second choice of pipeline supporters, who contend mixing pulverized coal with water and pumping it through an underground pipeline is cheaper than transporting coal by rail.

Wall Street Journal, February 11, 1983

Soviets' Grain Prospects Brightening

By DAVID BRAND
Staff Reporter of THE WALL STREET JOURNAL

MOSCOW—The Soviet Union could be on the way to a greatly improved winter wheat harvest after some of the mildest weather in a quarter of a century in its main growing areas.

So say Western analysts here whose job it is to keep tabs on Soviet agriculture. The Soviet meat situation also appears to be improving, they say, with livestock at record levels. Thus, if the mild weather holds, there should be a definite improvement this year in the Soviet Union's ability to feed itself.

Some sign of this improved food situation might be the increased supplies in the state-owned food stores in Moscow and Leningrad. Meat is far more plentiful than a year ago, and oranges and grapefruit are widely available. Indeed, the slightly bitter taste of grapefruit is so new to Leningraders that much of the fruit is going unsold.

Many observers, however, caution against interpreting this recent availability of quality foodstuffs merely as a sign of sudden abundance. "This could well be a political decision by the Andropov regime to bring out reserves," says one diplomat.

Outside Moscow shortages continue. A reporter visiting Tbilisi in Soviet Georgia a week ago found sugar and butter being rationed and meat shortages widespread. Several Georgians reported seeing meat in the shops no more than four times a year. Even in Moscow, buyers are restricted to buying about 14 ounces of butter and about four pounds of meat at a time.

Imports at a Low

The Soviet government clearly expects improved grain production this year. In recent days the U.S. Agriculture Department has estimated that Soviet grain imports this year will be the lowest in four years. "With imports down from last year and with good supplies of forage for livestock, it is going to be a better food situation this year than in 1982," says one Western observer here.

The optimism about the winter wheat crop is due to the extremely mild weather in such major growing areas as the eastern Ukraine, the lower Volga Valley and the northern Caucasus. Still, agricultural experts caution that the position could reverse if there is a change in temperatures. Without a thick covering of snow to act as insulation for wheat roots, a bout of fiercely cold weather could be disastrous.

Although the winter crop is only 40% of the annual Soviet harvest, it is an important backup for the spring wheat crop that so often in the past has been subject to the vagaries of nature.

Soviet agricultural planners are in desperate need of a good harvest. For four years in a row they have had failures. The 1981 and 1982 results were so bad that the Soviet Statistics Board wouldn't announce grain production figures. Although Tass, the Soviet news agency, declared that last year's grain production "noticeably increased" from 1981, the harvest still fell far short of target.

> *If the mild weather holds, there should be a definite improvement this year in the Soviet Union's ability to feed itself.*

The U.S. Agriculture Department estimates that last year's harvest was 180 million metric tons, compared with a Soviet goal of 237 million metric tons. It was, however, an improvement over the 1981 harvest, estimated by the U.S. at only 160 million metric tons. This year Soviet planners are hoping for 238 million metric tons but Western analysts don't see production even approaching that figure. (A metric ton equals 39.4 bushels of corn or 36.7 bushels of wheat.)

Late Planting

For one thing, Soviet farmers got a late start last fall on sowing the winter grain crop and thus probably missed their target of planting 90 million to 92.5 million acres. Western estimates are that they seeded only 82.5 million to 85 million acres. Acreage planted is particularly important for winter wheat because of its potentially high yields.

In addition, farmers apparently have a shortage of seeds for spring sowing. The newspaper Soviet Russia recently estimated that Russian farmers have less than 75% of the seeds they will need—a situation the paper called "unsatisfactory and alarming," particularly because "all hopes have been placed on the 1983 crop."

The Soviet Ministry of Agriculture considers the agricultural situation so sensitive that it refuses even to discuss the subject, but Soviet officials in other ministries insist that current grain supplies are adequate to ensure plentiful supplies of bread and to maintain meat production. This appears to be borne out by the U.S.'s most recent estimate that the Soviets will use about 7% more grain for animal feed this year than they did last year.

Western experts here believe that the slaughtering weight of both cattle and hogs on state and collective farms is rising after a five-year decline. Although there were reports last year of widespread distress slaughtering of animals because of a lack of feed, the belief here is that there hasn't been any such emergency slaughtering in recent months.

Last year's meat production was about the same as the 15.2 million metric tons produced in 1981, but if feed supplies continue to hold up, analysts say, there could be a higher output of animal products for the remainder of the current five-year plan, which ends in 1985. (A metric ton equals 2,204.6 pounds.)

Heavy Soviet Investment

The Soviets are continuing to invest heavily to improve their agricultural production. Capital expenditures in this area are about 27% of total Soviet government investment, and this percentage is expected to rise slightly during the current five-year plan.

Western analysts note, however, that this huge investment program is doing little to improve the ability of farms to get produce to market, because road conditions in much of the Soviet Union remain appalling.

In addition, there isn't any sign yet that Soviet planners are ready to inaugurate better management practices on state and collective farms. "Soviet agricultural science may be generally good but there is still the fact that farm managers are unable to get their crops in and deliver them to market," one Western analyst notes.

As a result, Soviet planners continue to place heavy emphasis on the production of private farmers who work their own plots on state and collective farms. In 1980 these private growers produced 64% of all potatoes in the Soviet Union, according to official Soviet statistics. They also produced 33% of all vegetables and 32% of all eggs.

Journal of Commerce
February 9, 1983

Union Maps Strike Against Conrail

Journal of Commerce Staff

The Brotherhood of Locomotive Engineers has called a strike for Feb. 15 against Conrail in an effort to standardize the enginemens' national contract, but railroad industry sources are indicating that any action will be delayed at least 60 days.

The reason for the delay that is being anticipated is that the sources feel a presidential emergency board will be convened to hear the issue, thereby delaying the strike for two months.

That action, sources speculated, would come later this week.

At issue is the nature of the contract between Conrail and the BLE.

One railroad labor industry official explained that the union wants to have Conrail train operators covered by the same provisions as the ones in force with other railroads.

Issues such as wages and health and pension benefits were believed to be at the center of the differences.

A Conrail spokesman noted that the engineers' unit was the only one of 16 unions which did not agree to wage increase deferrals as part of an agreement made almost two years ago affecting wage levels into mid-1984.

Conrail had negotiated the wage concessions from the unions in hopes of reducing its operating costs.

Total savings from the concessions have been estimated at a total of $300 million over the three-year agreement period.

Milwaukee Journal
February 10, 1983

Train idea might mean more jobs

East Lansing, Mich. —AP— Building a high-speed rail link from Detroit to Chicago could create the equivalent of 31,000 one-year construction jobs, a group studying such a plan said Wednesday.

Extending the rail link to Milwaukee and Minneapolis-St. Paul would generate another 37,000 "person-year" jobs, group members said.

The estimates were released during a workshop held at Michigan State University by the Midwest High Speed Rail Compact, which includes representatives of five states studying the feasibility of a combined effort to make the rail service a reality.

The workshop focused on the economic benefits of fast trains, including community development, tourism and the delivery of "high-priority freight" for growing industries like high technology.

Michigan has joined Ohio, Pennsylvania, Indiana and Illinois in the compact. Other states also are investigating the development of rail lines capable of moving passengers and light freight at up to 180 miles an hour.

Construction of the so-called "bullet train" route from Detroit to the Twin Cities also would create the equivalent of 41,000 one-year jobs in supplier industries and 100,000 jobs in service industries, according to the group's report.

The report said that construction laborers probably could be absorbed into new, permanent jobs when the rail link is finsihed.

"In addition, the creation of jobs to operate the system coupled with the employment in the new industries has the potential for providing a long-term economic boost to the region," the report said.

The Detroit-Chicago route is seen as the most likely to succeed for Michigan.

"We're quite enthusiastic about the potential that corridor has for high-speed rail," said James Kellogg, chairman of the compact and deputy director of the Michigan Department of Transportation.

Journal of Commerce
February 11, 1983

No Verdict Yet On US-Soviet Grain Accord

Commodity News Services

WASHINGTON — USDA officials said the administration has not decided whether to seek negotiations with the U.S.S.R. for a new U.S.-U.S.S.R. long-term grain trade agreement.

USDA is in favor of negotiating a new pact, and that position "will be heard" within the administration, USDA assistant secretary for economics William Lesher said here in an interview with U.S. radio reporters.

However, Mr. Lesher said he had no indication of when President Ronald Reagan will make the decision.

When asked to comment on reports that the state department has had more influence than USDA in presidential decisions affecting agricultural trade, Mr. Lesher said "I really think that is an unfair criticism of the secretary of agriculture."

Mr. Lesher said the president's decisions to end the U.S. embargo against grain trade with the Soviet Union, to sign legislation that included contract sanctity provisions, and to support a farm program that may provide more than $18 billion in farm price supports this fiscal year were all were all made despite opposition from various cabinet members.

He said the Reagan administration has done more than any other administration to give assurances the United States will be a reliable supplier of agricultural exports. However, he said it will take "years, not months," to rebuild the U.S. reputation after the recent grain trade embargo imposed against the U.S.S.R.

USDA acting deputy undersecretary Dawson Ahalt said "at this stage, there's no indication" the U.S.S.R. is having any major problems with 1983 crop production. He said there is apparently less snow cover on U.S.S.R. crops this winter, but he said there have also been fewer periods of very cold temperatures.

Wall Street Journal, February 14, 1983

Rails' Paper Profit May Rise 10% to 20% If ICC Changes Track Accounting Method

By Bill Paul
Staff Reporter of The Wall Street Journal

NEW YORK—The nation's railroads may soon get an estimated 10% to 20% boost in profit, courtesy of Uncle Sam—but many of them don't want it.

The Interstate Commerce Commission says it is about to decide whether carriers should change their accounting for track-replacement costs, which in 1981 totaled $730 million for the nation's 37 major carriers. The change would distribute that cost over several years, as opposed to the current practice of reflecting the entire cost in the year in which the track was actually replaced.

As a result of this switch to depreciation accounting from so-called replacement retirement betterment accounting, a railroad's annual costs would decrease, and its profit would increase—but only on paper. "This doesn't add one penny of cash to the railroad," says Hays T. Watkins, chairman of CSX Corp.

Many railroad executives fear that by "creating the illusion of higher profits," as a spokesman for the Association of American Railroads puts it, the new accounting will put unfair pressure on carriers to increase wages and dividends.

Moreover, these executives fear, the new bookkeeping could hinder railroads' efforts to secure federal approval of proposed rate increases and could force some lines to pay higher state income and property taxes.

"We're going to be fair game for unions and stockholders," says Donald R. McArdie, vice president and comptroller of the Southern Railway unit of Norfolk Southern Corp. He adds, "Our profit margins on several commodities could be endangered."

This issue has been simmering for years, ever since shippers started complaining that regulated freight rates were too high because railroads were understating their profit. The Securities and Exchange Commission suggested a few years back that railroads should switch to depreciation accounting because that is the method used by most other U.S. corporations.

Then, about two years ago, the Treasury Department told carriers to use depreciation accounting for tax purposes, but only a handful of carriers also began using it for reporting to the public. Most carriers didn't switch because, in addition to the handicap higher profit would place on securing rate increases, the old accounting method allowed managers to better control their net income by increasing or decreasing track-replacement programs in any given year.

But some lines that haven't switched now acknowledge that depreciation accounting might be the better method. Bill Taylor, vice president, accounting, of the Atchison Topeka & Santa Fe Railroad Co., says that under the old accounting method, some carriers have been in a position to cut back on needed track replacement in tough times to make their earnings look better.

Moreover, says Mr. Taylor of the Santa Fe Industries Inc. unit, "Maybe the investing public will feel a little more secure with us" once railroads are reporting profit on the same basis as other corporations.

So far, it looks as though investors like the prospect of depreciation accounting for railroads, though analysts say it's more because of the seemingly greater profitability of the carriers than it is any investor confidence. Whatever the reason, railroad stock prices have been steadily rising recently despite a spate of bad earnings reports and predictions by railroad executives that business should stay depressed at least until the second half of this year.

Mr. Watkins of CSX says the industry will just have to convince its unions and employees that the carriers aren't making more money. "I can understand the pressure" from unions and stockholders, he says, but "our response has to be: There just isn't any more cash."

Mr. Watkins, an accountant by training, also says, "We've spread the illusion that accounting is an exact science. Now we're going to have to show people that it isn't."

Wall Street Journal
February 15, 1983

CSX Becomes Partner In Real Estate Project

By a Wall Street Journal Staff Reporter

RICHMOND, Va.—CSX Corp. said it is a partner in a real estate development project here to be called James Center.

CSX said the project will include five office towers, a hotel, 225 high-rise residential condominiums and about 50,000 square feet of retail space. Construction costs will total $325 million, CSX estimated.

The company is participating through a unit, CSX Resources Inc. Its partner is Faison & Associates of Charlotte, N.C.

CSX said construction will begin this year on the first office tower.

CSX is a railroad holding company that also has real estate interests.

Wall Street Journal
February 11, 1983

CSX Rail Unit's Board Approves Merger Plan With Another Division

By a Wall Street Journal Staff Reporter

CLEVELAND—CSX Corp. said directors of its 95%-controlled Western Maryland Railway unit approved its merger into a CSX unit under which minority common stockholders of Western Maryland would receive $55 a share or a "substantially equivalent" amount of CSX common stock.

The merger plan, subject to approval by Western Maryland Railway holders at a special meeting April 12 in Baltimore, also calls for holders of the railway's 8,293 first preferred 7% shares to receive $40.39 a share or equivalent CSX stock. In addition, directors approved redemption of the 419,240 first preferred 5% shares, effective March 11, at $14.03 each.

CSX said outside owners hold 104,573 common shares of Western Maryland Railway and also hold minority amounts of the two preferred issues. That puts the public portion of the cash-and-stock transaction at about $5.8 million. Western Maryland Railway stock rose sharply in over-the-counter trading: after a halt, it was quoted at $50 bid, up $18.50 from Wednesday's quote of $31.50 bid.

CSX added that directors of Western Maryland Co., a separate land and mineral-holding subsidiary of the CSX Resources Inc. unit, approved a merger into the CSX Minerals Inc., under which minority holders of Western Maryland Co. common would receive $33 a share, or the equivalent in CSX stock. A total of 117,209 shares, or about 7% of Western Maryland Co.'s common outstanding are held by outsiders, putting the value of the public portion of that transaction at about $3.9 million.

The Western Maryland Co. merger plan is designed to be tax-free for stockholders receiving only CSX stock while the Western Maryland Railway merger is taxable under federal law, CSX said. The company said the mergers were part of a plan to streamline operations.

CSX owns the Chesapeake & Ohio Railway and several other roads and also has interests in real estate, natural resources and publishing.

Journal of Commerce, February 14, 1983

Canadian Transport Agency Postpones Cast Hearings

By LEO RYAN
Journal of Commerce Staff

MONTREAL — The Canadian Transport Commission has postponed, until a date yet to be determined, public hearings originally scheduled to begin this week in Halifax on the investment of the state-owned Canadian National Railways in the Cast shipping group.

The postponement — the second since the politically charged affair began — was requested by the management of Canadian National Railways in an eleventh-hour move late last week, because of negotiations in progress that might result in a change in CN's 18 percent holding in Eurocanadian Shipholdings Ltd., the Swiss-based Cast parent company.

"CN is involved in negotiations with several parties regarding the future of Cast," the railway company stated, adding: "The conclusion to these negotiations is expected soon and may well result in changes in CN's shareholding in Cast."

It was the first public acknowledgement from CN that its involvement with the major independent container carrier in the North Atlantic could be altered in the near future.

Whether this could involve increasing CN's exposure in Cast — a possibly more likely option — the coming in of additional new partners has not yet been clarified.

"The style of the Cast organization simply does not lend itself to heavy government involvement," remarked one Montreal shipping executive.

Klaus Glusing, chairman of Cast North America Ltd., declined to comment on the negotiations evoked by CN. In a recent interview, Mr. Glusing said container bookings "have picked up tremendously since the start of the year," and stressed he was "bullish" about Cast's future.

Abnormally low North Atlantic rates, however, have severely compressed profit margins for shipping companies.

As part of a $200 million refinancing package concluded last April, CN was accorded an option to acquire, if it so desired, 75 percent of Cast's container business in 1985. At the same time, CN acquired, for $10 million, the assets of the Cast container terminal, Task Terminal Ltd., in Montreal (leased back to Cast).

The latter acquisition as well as the $61 million stake of CN in Eurocanadian Shipholdings forms part of the backdrop for the hearings first requested by the Nova Scotia government.

Supported by the Halifax-Dartmouth Port Commission, the Canadian Shipowners Association and the Halifax Longshoremen's Association, the Nova Scotia government has objected to the CN-Cast relationship because it allegedly unfairly works to the detriment of rail-shipping service out of Halifax. It is further alleged that CN has given rebates to Cast on its traffic originating in the United States.

The hearings were first scheduled to begin in November in Halifax, with subsequent sessions in Montreal, and had been postponed until Feb. 15 at the request of the federal Department of Consumer and Corporate Affairs, which is particularly interested in the competitive implications.

Like the Province of Quebec, Ontario has been admitted by the Canadian Transport Commission as an observer for the hearings.

"Ontario has reserved the right to eventually intervene in the proceedings," a CTC official said.

Regarding the timing of twice-postponed hearings, the CTC was non-committal, declaring "a new date for the hearings has not been determined."

In its request for the postponement, CN asked that the hearings be delayed at least until April 5.

Wall Street Journal
February 11, 1983

Canadian Rail Freight

OTTAWA—Canadian rail freight volume declined to 4,365,083 metric tons in the 10 days ended Jan. 31, off 12.1% from 4,963,811 tons a year earlier, Statistics Canada, a federal agency, said.

Volume was off 26.9% in eastern Canada but was up 4.6% in western Canada.

The Washington Post, February 9, 1983

BUDGET BRIEFING

Major Regulatory Agencies Facing More Cuts in Fiscal '84

Major independent regulatory agencies, which have experienced sharp and steady budget and personnel cuts since President Reagan took office, would continue to lose ground under the proposed budget for fiscal 1984, but not as rapidly as before.

The major exception would be the Equal Employment Opportunity Commission, whose $155.3 million budget for 1984 represents a 5.3 percent increase over this year's budget. The work force would remain at 3,125, 265 below the 1980 peak of 3,390.

The Federal Trade Commission, which lost personnel steadily in the past two years, would lose another 10 percent of its staff—141 jobs—under the $59.4 million budget proposed for fiscal 1984. The agency would be taking an 8.3 percent cut before inflation.

The budget assumes that four of the agency's 10 regional offices would be closed—contrary to a congressional mandate. A majority of the commisioners have asked Congress to reconsider.

The Consumer Product Safety Commission would have a work force of 595, fewer than any year since it opened its doors in 1973. The proposed budget for next year is $32 million, taking it below its spending level of 1975, when the buying power of a dollar was almost twice as great.

Since 1980, the peak year for CPSC staffing, the equivalent of 383 full-time positions have been lost in the agency.

The Nuclear Regulatory Commission's budget would go up a fraction—from $462.5 million to $466.8 million—an increase that will be more than offset by inflation; the NRC work force would decrease slightly. The only major cuts are in research activities, notably the study of reactor cooling system failures. The $15 million allocated in 1983 to support the research is eliminated; the test reactor would be taken over by the Energy Department.

Funding for inspections and enforcement would also increase slightly before inflation is calculated, going from $14.4 million to $14.6 million. Research into risk analysis—that is, the calculation of the potential harm of radiation and the economic impact of regulation—would increase from $14.1 million to $17.7 million.

Two agencies that have lost many of their responsibilities because of deregulation would continue to lose large chunks of staff and money.

The Interstate Commerce Commission staff would drop 19.5 percent; the ICC budget 11.6 percent. The proposed $58 million proposed ICC budget anticipates a decline in the workload of those who help set rates and grant operating rights to motor carriers and a slight increase in the number of consumer complaints handled. About $20 million of the budget would come from fees paid directly to the ICC, leaving $37.9 million to be paid from general revenues.

The Civil Aeronautics Board, on its way to extinction, would see its budget for salaries and expenses drop by 12 percent, to $20.9 million, in the coming fiscal year. The work force would drop 16 percent, from 474 to 400. The agency lost its control over domestic airline rates Jan. 1, a year after it lost authority over domestic routes.

—*Felicity Barringer*

SPENDING FOR REGULATORY AGENCIES

(fiscal years; budget authority in millions of dollars)

	1980	1981	1982	1983*	1984**
CAB	125.2	143.6	$111.9	$72.2	$71.7
CPSC	41.3	42.1	32.1	34.0	32.0
EEOC	124.5	141.2	144.7	147.4	155.3
FTC	66.0	70.7	68.7	64.8	59.4
ICC	79.0***	82.4	70.1	65.6	58.0
NRC	400.1	440.5	465.7	465.9	466.8

*estimated **proposed ***excludes final year payments for directed rail service

SOURCE: Budgets for Fiscal 1982-84

The Des Moines Register, February 14, 1983

THE REGISTER'S EDITORIALS

Bigger trucks are coming

The Iowa Legislature now is looking into the less-pleasant face of the increased federal motor-fuel tax that will bring the state welcome dollars for highway construction and repair. This other face is a mandate to allow bigger trucks than Iowa and many other states have permitted previously. Increased weight and length maximums were the sweetener Congress offered the trucking industry in exchange for higher taxes.

Last week the Iowa Senate Transportation Committee gulped and sent to the Senate floor a bill increasing, among other things, the allowable length of twin rigs from 65 to 72 feet (remember the long, bruising battle to try to keep 65-footers out of Iowa?) and the width of all trucks from 8 feet to 8½ feet. Maximum weight will go up from a little over 36 tons to 40.

Iowa safety officials are especially unhappy about the increased width. Buses already can be 8½ feet wide, but there aren't nearly as many of them. The greater dimensions are meant for hauls on Interstates and designated two-lane primaries, but trucks have to reach such roads from factories and terminals located on streets unsuited to highway boxcars.

Still, Iowa has no choice in the matter. Congress invalidated, effective April 1, any state laws not in conformity with the new and bigger truck sizes. Congress also holds the purse strings on federal road-use taxes. And, let's face it, the Constitution gives Congress the power to regulate interstate commerce (which courts have defined to include just about anything that contains anything that has crossed a state line).

This principle would be hard to argue against, and a case might be made that even traffic laws should to be uniform and based on defined conditions rather than on the whims of 50 legislatures. But one *can* quarrel with the use Congress made of its interstate-commerce mandate in this instance. The combination of bigger trucks and smaller cars is a deadly one. Lives will be lost needlessly. We regret that the Iowa Legislature will have to go along with what Congress has unwisely done.

The Chicago Tribune, February 4, 1983

Canadian farmers' train pact derailed

New York Times News Service

TORONTO—For wheat growers on Canada's prairies, an 86-year-old free lunch appears to be over.

The federal government has announced that over the next eight years the rate farmers pay railroads to transport their grain to eastern markets will likely quintuple, after remaining unchanged since 1897.

At that time, the historic Crowsnest Pass Agreement between Ottawa and the Canadian Pacific Railway cemented in place a half cent per ton-mile rate for grain shipments to the east from the central and western prairie provinces. It is cheaper for farmers to ship 100 pounds of grain to Thunder Bay, Ontario, on Lake Superior, than it is to mail a 30-cent letter there.

Indeed, the present rate amounts to about one-fifth of what it costs the railroads to move wheat and other grains to Canada's ports and domestic markets and is far cheaper than U.S. rates.

"FARMERS, LIKE all others in society, should pay the costs of inflation," Jean-Luc Pepin, Transport Minister, said. "We all contribute to it, and consequently we should all suffer from it."

The proposal by the Liberal government of Prime Minister Pierre Elliott Trudeau comes in the form of a bill to be introduced in Parliament this month or next. Since the Liberals control that body, passage is virtually assured.

The proposed change calls for the federal government to subsidize rates, while farmers' payments are gradually increased. By 1991, it is estimated the proportion of the cost paid by grain shippers will increase to 57 from 18 percent. A typical farmer will see his average cost for shipping a ton of grain to its destination nearly double to $9.35 [Canadian] over the next three years.

The remainder will come from a huge infusion of government subsidies, some $9.2 billion over the rest of the decade. The government also promised to spend hundreds of millions of dollars of its money to help railroads upgrade their lines.

THE ACTION IS deemed critical by the Canadian National and Canadian Pacific railways to repair deteriorating western rail lines, a cost that analysts estimate at $16.5 billion over the next 10 years. The railways are losing $350 million annually because of the artificially low rate, a deficit that has been rising an average 15.5 percent a year.

Canadian Pacific is the largest company in Canada, with interests in airlines, energy and many other enterprises. Canadian National is owned by the government of Canada.

The so-called "Crow rate" was set by the government when it gave Canadian Pacific a $3.4 billion subsidy for the construction of a line from Lethbridge, Alberta, through the lucrative mining area of Crowsnest Pass, which is between British Columbia and Alberta, to Nelson, British Columbia.

The principal goal was to link British Columbia to central and eastern Canada, rather than allow then-growing ties to the U.S. Northwest to become dominant. It was at a time when western Canada was barely settled and facing what were perceived as threats of annexation by the U.S.

THE CANADIAN Pacific agreed to reduce westbound rates on some goods needed by settlers, such as farm implements, and reduce the rate on grain shipments eastward to Thunder Bay.

These low freight rates are viewed by economists and historians as a key to the pattern of Canada's development, with the West producing agricultural goods to ship eastward for processing. A significant impetus for this week's action has been the growth of western food-processing industries, which do not benefit from the Crow rate and then must pay normal charges for exporting finished goods to the rest of Canada.

Representatives of some wheat growers, who have come to refer tenderly to the low rate as the "Holy Crow," reacted angrily, however.

The government countered that the impact would be minimal. "At the end of this exercise, the farmers will be paying 5 percent of the price at which they sell their grain, which compares very favorably with the 8 to 10 percent they paid even in the '70s," Pepin said.

Baltimore Evening Sun, February 2, 1983

Off the road!

EDITORIAL

"Dozens of trucks" are being shot at or hurled at, across the U.S., in response to the independents' strike against cost increases. A driver killed here, a girl's skull fractured by a thrown brick there — the headlines form a message to all highway drivers.

The message is that the highways are less safe than ever. Bad enough, the risks that a car ordinarily faces out there among the big-rig lane crowders and speed-limit violators; now any truck hit by snipers may go out of control.

A reply message will be taking form in the minds of car drivers; to wit, if truckers, large and small, would like to see more subsidies voted for railroads and airlines, and higher taxes voted for trucking, let them simply keep on messing up the highways.

There are inequities and hostilities within the trucking industry, all too true. But the place to settle them is somewhere else, not the open road.

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Richmond Times Dispatcher, February 4, 1983

Truck length measure is victor, loser in actions by committees

By Joseph Gatins
Times-Dispatch Staff Writer

The trucking lobby struck out on the Senate side yesterday but secured approval from a House committee to extend the maximum permissible length of tractor-trailer combinations on all state roads to 60 feet.

The House Committee on Roads and Internal Navigation also voted in favor of a separate bill that — for selected highways only — would extend maximum lengths to 60 feet, maximum widths to 102 inches and allow so-called twin-trailer combinations.

A similar Senate bill — after a convoluted series of parliamentary maneuvers — was also finally approved by the Committee on Transportation. But members rejected statewide extension of the 60-foot maximum length.

Approval of some sort of bill about truck sizes has been all but assured — despite many legislators' reluctance to approve twin-trailer combinations — because Virginia is required to do so if if wants to share in the proceeds of the new federal gasoline tax increase of 5 cents a gallon. That share is said to exceed $260 million in road construction aid.

The truck size increases required under the federal legislation would apply only to interstate highways, primary roads built with federal aid and selected access roads.

Virginia prohibits twin trailers, and tractor-trailer combinations that exceed 55 feet in length and 96 inches in width.

The surprise in yesterday's maneuvering was the action of the House roads committee in approving a bill sponsored by Del. Robert S. Bloxom, R-Accomack, that would allow 60-foot maximum lengths on all highways, not just those in the federally supported system. Bloxom wasn't even present when the action took place.

Approval came on a vote of 12-5 after a coalition of truck-related industry groups argued strenuously on behalf of the bill.

The pro-increase group included representatives from the Virginia Highway Users Association, the Virginia Manufacturers Association, the Virginia Farm Bureau, the Virginia Agribusiness Council and the Virginia Car-Truck Renting and Leasing Association.

Their arguments centered on the assertion that denying them an increased length would hurt Virginia industry's competitive position vis-à-vis other states.

Their only opponent was a representative from the Virginia Railway Association, who argued that increasing the allowable length to 60 feet statewide would open the door to eventual approval of twin-trailers across the commonwealth.

Also, having longer trucks on secondary roads, said Francis A. Cherry, a lawyer for the railroad association, "would create more hazards on our smaller roads."

Del. Robert T. Andrews, R-Fairfax, also argued that drivers of small cars would be concerned about trying to maneuver around the longer tractor-trailers.

Spokesmen for both sides also appeared in a protracted hearing before the Senate transportation panel.

Officials and lobbyists explained after the votes that introduction of the twin-trailer concept probably was going to surprise some drivers, since there is no prohibition on the over length of the tractor-and-twin trailer combinations.

Under the federal requirements, no trailer in a double-trailer combination can be more than 28 feet long, but there is no limit on the length of the tractor that will pull them or the amount of space between the vehicles.

Wall Street Journal, February 7, 1983

Truck Companies Say Strike Is Ending, See Full Operations Resuming This Week

By Bill Paul

Staff Reporter of The Wall Street Journal

NEW YORK—Trucking companies that use owner-operators said the week-old strike by independent truckers appears to be stalling and that operations could be back to normal by the end of this week.

Trucking executives based their optimism on field reports that more owner-operators are reporting for work, and that the violence that kept thousands of truckers off highways last week appears to be subsiding in the face of a greater state-police presence.

In Van Nuys, Calif., a spokesman for the Independent Truckers Association, which has been the strike's leading proponent, said that the ITA hasn't seen any indication that the strike is beginning to wane.

If the trucking companies are correct, the strike, which was called by a segment of the trucking industry to protest increases in truck fees and gasoline taxes, will have failed to disrupt seriously the nation's commerce. But observers add that the independents will have made their point that Congress should consider changing the tax increases to ease the burden on independents, many of whom are already strapped financially.

Saturday, Sen. Robert Dole (R., Kan.) said he asked the Congressional Budget Office to study the effect of increased taxes on independent truckers. But he added that Congress won't be intimidated by violence on the roads.

Divided Trucking Industry

The strike, observers also say, has deeply divided the trucking industry between the big, unionized motor carriers and the small, independent operators. Independents maintain that the American Trucking Associations Inc., the big carriers' trade group, "sold the independents down the drain," as one independent spokesman put it last week, by accepting higher taxes in exchange for an easing of truck length and weight restrictions. The independents argue that only the big concerns have enough capital to buy new equipment that will enable them to take advantage of increased weight and length provisions.

An official of one Midwest trucking company that uses several hundred owner-operators said, "We're on our way back to normal." He said his company's operations had been hampered severely most of last week, but that "things started getting better Friday. We expect to be back to normal sometime this week."

In Cincinnati, Richard Knock, president of Intermodal Transportation Services Inc., said that terminals in Chicago, Detroit and Alexandria, Va., were running at about 70% of normal levels yesterday compared with only 30% last week. "Things are starting to break up," Mr. Knock said.

In Fort Wayne, Ind., Dick Helstrom, executive vice president of PepsiCo Inc.'s North American Van Lines unit, said, "I think we'll see improvement this week." North American has been running at about 75% to 80% of normal operations, he added.

Trucking officials said they thought that independents heard President Reagan's message that the administration isn't going to let highway violence dictate policy on tax and truck-fee increases. Mr. Reagan told a news conference Friday that, "the worst thing in the world . . . that we could do would be to let any group of citizens say that they could change the laws of this country by committing murder."

Reasons for Minimal Impact

Analysts said several factors kept the strike's impact on the economy to a minimum. Going into the strike, almost 50% of U.S. independents were having trouble finding work, and many truckers were willing to take the place of strikers.

In addition, many truckers, with weekly fixed costs of about $600, decided to keep running despite the violence. The strike also came several weeks before the peak harvest season in Florida and California, and growers were able to keep their citrus and produce moving. "If they (the independents) had hit us in April or May, we would have been in real trouble," one Florida producer said.

Some of the economic disruption attributed to the strike was probably due to bad weather, analysts said. Torrential rains in Florida slowed harvesting there last week, while a blizzard in the Southwest kept some meat and produce from moving. Prices of some food items are likely to rise this week even though the strike may be ending, analysts said, because of the combined effects of last week's weather and the strike.

Some trucking officials said the strike's big winners are the railroads, which had a perfect opportunity to convince shippers to switch to rail, particularly for piggyback business. Recently, railroads have been given greater freedom by the federal government to compete with truckers by offering intermodal services. While railroads said they didn't have a big increase in business because of the strike, some said they may have been able to get some shippers thinking about switching to rail.

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Philadelphia Inquirer, February 3, 1983

EDITORIAL

Congress can't cave in to truckers' pressure

The federal government first got in the road business in 1806, when the Congress appropriated funds for a road from Cumberland, Md., to the Ohio River. Today, there are something like 3.9 million miles of roadway in the United States with roughly 825,000 miles of them in one federally subsidized system or another. The costs have been enormous — beyond really accurate summation. Direct construction costs of the 40,438-mile Interstate Highway System alone, for example, since it was begun in 1956, added up to $80 billion — and that is only one-twentieth of the mileage constructed with federal funding.

Now, down those roads, comes a "strike" by the Independent Truckers Association. It is increasing hourly in violence, if not demonstrably in its more polite intent, which is to so cripple the delivery of food and other commodities throughout the nation as to force the Congress to repeal or radically revise the taxes and other fees heavy trucks must pay for plying the highways.

Anyone who claims to enjoy paying taxes can be taken reasonably to be either a madman or a hypocrite. Truckers — "independent" ones, who are private entrepreneurs, and all others, who work for companies both large and small — are human. Among the final acts of the last Congress was a bill that substantially raised taxes and user fees that affect trucks, especially large trucks. No one expected those who would have to pay more to smile with glee.

The increase schedules are complicated, going well beyond the 5-cent-a-gallon increase in gasoline taxes, which was long overdue and applies to everyone. Generally, however, they were based on impressively responsible assessments of the cost of highway maintenance attributable to use. Half of the nation's paved roads are in need of serious repair, with funds drained. An estimated 39 percent of the country's 575,000 bridges are in dangerous disrepair or obsolesence.

It is reasonable that funding be drawn from those who use the roads and bridges, and be done in approximate proportion to the damage caused. Before the new bill, it was estimated by government agencies, after ironing out disputes by user organizations, that semitrailer trucks were paying no more than 80 percent of the costs they caused. The largest trucks, over 75,000 pounds, were calculated to be paying for less than 60 percent of the damage they were doing, while automobile users paid 100 percent.

Those underpayments involved nothing more than upkeep. If one adds to that even a small allocation of the original investments at federal, state and local levels of funding for roads, the taxpayers of the United States are subsidizing the heavy-truck industry at an astronomical rate. Arguments can be made, and have been, that the decay and substantial abandonment of the nation's railroad grid has been caused primarily by those subsidies to trucks.

None of that is to say that trucks and the industry they constitute are not important, or should be abandoned to rust. It does say, however, as the Congress agreed last year, that fairness and fiscal necessity dictate that truckers pay their fair share of the burden. The new bill, by the time it takes full effect, will do that — or anyway move significantly toward fairness.

Now the resistance to that is escalating, with snipers firing at trucks that do not submit to terror tactics, with reports of dangerous violence against trucks or truckers coming out of 22 states. The ITA's leadership is playing the game, of course, denying any appeal to violence while, in effect, precipitating just that.

Why?

For the sole purpose of terrorizing the Congress of the United States into capitulating to its demands.

Those special interests do not have much of a case, if any at all. Their positions were heard out in the deliberations that led to the passage of the new bill. Yet even as the reports of gunfire, threats and bloodshed pour out of the truckstops, news comes from Washington of flurry of proposals to rescind or amend the new law.

The "strike," taken at its most benign — which surely is the intent of most of the drivers who are refusing to work — is not a labor matter at all, but a boycott of services by small businesses. In a competitive industry, the likelihood of its success would be very small, for while there well may be too many trucks and truckers around, there is money to be made, and lots of it, even with the new taxes.

But the element of violence cannot now be separated from the larger pressure and lobbying movement. It has come to the fore in the minds of the public and of many truckers who freely concede they would be working were it not for fear.

For the Congress to give the faintest further encouragement would be an act of the utmost cowardliness. To capitulate to terrorism on the highways would be to reward criminal conduct. It would be to nourish terrorism, and to invite others to adopt it as a lobbying technique. It would be to abandon dignity, respect for due process and legislative responsibility.

That cannot be permitted.

The New York Times, February 4, 1983

IN THE NATION

Killer Trucks, Indeed

By Tom Wicker

The American Trucking Associations has responded with outrage and specious "facts" to the assertion in this space on Jan. 16 that Congress had unleashed "killer trucks four times more lethal to human life than a passenger automobile and exponentially more destructive of the roads than any other vehicle."

This charge is so well-substantiated that I welcome the opportunity to repeat it, and to point out the self-serving nature of the truckers' response (a letter to the editor of The New York Times, published Feb. 1, from the association's president, Bennett C. Whitlock Jr.).

The truck lobby pushed legislation through the lame-duck session of Congress effectively overriding the laws of 14 states prohibiting 65-foot tandem-trailer trucks on their highways. States that continue to ban such monsters after April 1 could lose Federal highway aid. Other new legislation permits such trucks to be widened from 96 to 102 inches, and to be heavier by 6,720 pounds, up to a total of 80,000 pounds (cargo and rig combined).

Mr. Whitlock disputed my statement that the Interstate Highway System "was constructed for maximum weights of 60,000 pounds," citing as his only evidence that it was "a defense highway system" supposed to carry "the heaviest of military vehicles."

But I didn't make that point strongly or clearly enough. Interstate highways were so designed that an average maximum of 60,000 pounds would be about ideal. On some sectors the maximum design load is less; on many others 73,000 pounds would be permissible. *Nowhere* should the average be as high as 80,000 pounds, most engineers believe.

But engineers also say the best measure of highway design is in the number of anticipated axle loads over the life of the pavement. And the Federal Department of Transportation's 1981 report, "The Status of the Nation's Highways," pointed out that the interstate system's designers had underestimated its future use, "particularly the growth of the long-distance trucking industry. This intensity of use has caused the usable design life to be reached sooner than anticipated in many segments."

Department engineers estimate, moreover, that if every 60,000-pound truck became an 80,000-pounder, pavement damage would triple; and that if axle loads increased from 18,000 to 20,000 pounds (which is about what's happening), the result would be a 25 to 40 percent loss of pavement life.

Mr. Whitlock further claimed, with no more evidence, that a report of the American Association of State Highway and Transportation Officials, citing excessive highway damage by heavy trucks, had been "discredited." On the contrary, that study is "used absolutely everywhere," says Roger Mingo, chief engineer for D.O.T.'s Cost Allocation Study.

The D.O.T.'s own study, published in May 1982, asserts that the heaviest trucks do "at least 87 times as much damage to the pavement as the heaviest auto." The findings of both documents are confirmed by numerous state studies as easily available to Mr. Whitlock as to me.

I claimed a fatality rate of 12.2 per 100 million miles for tandem-trailers (the rate is only 2.96 per 100 million miles of passenger vehicle traffic) and attributed the information to the D.O.T.'s Fatal Accident Reporting System. But that system, Mr. Whitlock triumphantly claims, "does not even develop fatality rates."

No, it only reports fatalities. But the Federal Highway Administration compiles mileage figures for various vehicles; so if you have no vested interest like Mr. Whitlock's, you can combine the two and use simple arithmetic to work out fatality *rates*.

Mr. Whitlock is proud that only 177 highway deaths of a total of 49,392 occurred in accidents involving tandems in 1981. The figure is meaningless; fewer than one in a thousand of the 159 million registered vehicles on the highways are tandems. They can never cause a high percentage of all traffic deaths. And he did not even try to refute the fact that in a tandem-accident involving a passenger car, an occupant of the car is 29 times likelier to die than the truck driver.

Thirty-six states already accept tandem-trailers and only three states have gross-weight maximums of less than 80,000 pounds, Mr. Whitlock writes. That does not change the fact that 14 states' laws are being overridden; and it omits mention of New York, Boston and other cities being forced by the new legislation to open their battered streets to these destructive killer trucks.

Mr. Whitlock was shrewd enough not even to debate another point I raised — that despite higher taxes to be levied after July 1, 1984, heavy trucks still will pay nowhere near the cost of the highway damage they do. At the moment, the D.O.T. estimates that trucks weighing over 75,000 pounds pay only 45 percent of their true share of maintenance costs.

(My assistant, Michael Specter, deserves credit for research on both my articles about killer trucks.)

The New York Times, February 1, 1983

New Truck Sizes and Weights Don't Imperil Highways or People

To the Editor:

If trucks were people, they would be suing Tom Wicker for libel. In his Jan. 16 column, Mr. Wicker charged that the truck size and weight standards set by Congress in the new highway user tax law would unleash "killer trucks."

The legislation mandates nationwide adoption of weight standards originally approved by the Federal Government in 1975, including a minimum gross weight of 80,000 pounds. It also permits use of twin-trailer combinations, while a companion bill increases width from 96 to 102 inches (the same width already allowed for buses).

Mr. Wicker claims the interstate highway system was constructed for maximum weights of 60,000 pounds.

Fact: The interstate system was constructed for weights much greater than 80,000 pounds. This is a defense highway system, officially so designated, and designed to carry the heaviest of military vehicles. It is absurd to suggest that trucks damage something by using it at weights that are less than those for which it was designed.

Mr. Wicker claims that excessive highway damage has been proved by a study by the American Association of State Highway and Transportation Officials.

Fact: That study has been discounted time and again by reputable highway engineers. Too many pertinent factors, such as weather, chemicals and the natural aging process, were purposely omitted from the study. The association's report on the study warned that it had not been conducted to assess damage by weight, and that any such conclusions could not be supported by the study.

But it is in the area of safety that Mr. Wicker charges blindly ahead. For example, he contends that in 1981 twin trailers were involved in accidents resulting in fatalities at the rate of 12.2 per 100 million miles, citing as his source the Department of Transportation's Fatal Accident Report System.

Fact: The D.O.T.'s Fatal Accident Report System does not even develop fatality rates.

Fact: The same report does give the number of fatalities for accidents involving twin trailers — 177 out of a grand total of 49,392 — less than one-half of one percent.

Fact: The U.S. Supreme Court, on two occasions (in striking down bans on twin trailers in Iowa and Wisconsin), pronounced these combinations to be as safe as — if not safer than — the typical tractor-semitrailer unit.

Fact: Thirty-six states already allow the 65-foot twin-trailer combination. Most of them have allowed them for a number of years. Not one state has ever considered rescinding the law permitting their use — a tribute to their safety performance.

In other words, 36 state governments and the U.S. Supreme Court consider these units to be safe, but Tom Wicker does not.

Fact: Only three states — Arkansas, Illinois and Missouri — have gross-weight truck maximums of less than 80,000 pounds.

Are we to believe that 47 state governments are knowingly allowing "killer trucks" to roar up and down their highways causing deaths and injuries?

It may surprise Mr. Wicker, but no trucking company would knowingly put a "killer truck" on the highway, and no professional driver would get behind the wheel of one. That may not make good reading in a newspaper column, but it makes good sense, and it happens to be a fact.

These, then, are the facts. Mr. Wicker is entitled to his opinions, but not to his own set of facts.

BENNETT C. WHITLOCK JR.
President
American Trucking Associations
Washington, Jan. 21, 1983