Corporate Relations 983

MEDIA MONITOR March 31, 1983

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Quad Cities Times, March 24, 1983

By Tom Davidson
of the Times

Crews were expected to work all night at the scene of a 17-car derailment in LeClaire in hope of reopening U.S. 67 sometime this morning.

Ben Webster, general manager of the DRI Line, said the highway and train tracks might be open as soon as 7 a.m., but that crews working on the crippled Milwaukee Road freighter were being hampered by soggy ground.

The train derailed at 4 a.m. Wednesday, apparently because of a faulty wheel on a boxcar, Webster said. No injuries were reported.

Darlene Dittmer, who lives about a quarter-mile from the accident scene, said she knew something was wrong with the train by the way it sounded.

As she lay in bed, she noticed that the train, which passes about 100 yards in front of her house, was exceptionally loud. The noise was even making her bedroom windows rattle, she said.

Two of the derailed boxcars blocked U.S. 67, and they nearly caused a couple traffic accidents — that's how she and her husband, Herman, really noticed the derailment, in fact.

She said after the train's passing woke her up, she noticed the boxcars in front of her house had stopped.

"Then all of the sudden, I heard a car apply its brakes," Mrs. Dittmer said. "It really squealed."

She went outside and saw that a passing car had stopped just feet short of hitting the boxcars. She called LeClaire police.

Then she and her husband, who was outside examining the wreckage, had another thought: what if the train was carrying poisonous chemicals?

"It really gave us quite a relief" when someone from the train told them it wasn't carrying any toxic cargo, Herman Dittmer said.

Webster said he originally had hoped crews could clean up the mess by early morning, but the heavy equipment being used to clear the wreckage and work on the quarter-mile of damaged track was being hampered by wet, muddy conditions.

"It's going slower than we thought," he said. "The machines can't operate in here," he said.

He said an accurate damage estimate probably won't be available until sometime today.

Dittmer said he thinks it's lucky the train didn't derail a quarter-mile earlier. If it had, it might've ended up in his front yard.

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

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Milwaukee Sentinel, March 24, 1983

Prison at Valley site would add $1 million to cost, report says

Sentinel Madison Bureau

Madison — Building a prison on the Milwaukee Road site in the Menomonee Valley in Milwaukee would add about $1 million to normal costs, according to a staff report to the State Building Commission Wednesday.

Paul Brown, commission secretary and administrator of the State Division of Facilities Management, also said the site was within the 100-year floodplain and would be under about 6 feet of water if such a flood occurred.

"The floodplain problems do not render the site unusable but could add to the cost of development," he said.

The foundation for any prison would have to be 50 to 60 feet below ground level because of the soil content, said Arthur McClure, an aide to Brown and director of property and planning evaluation for the Department of Administration. McClure said the top 10 to 12 feet of soil was "fill," including cinders and debris. The next 20 feet is "muck," he said, and the next 20 or more feet is sand.

A building normally needs a foundation 4½- to 5-feet deep, McClure said.

Brown distributed the report as commission members discussed strategy for the Trostel Tannery site in Milwaukee, which the state has bought. Dane County Circuit Judge Richard W. Bardwell has ordered the state to undo the purchase of that property.

The state said it would ask Bardwell for a stay of his order and also is preparing an appeal of it.

Gov. Earl, commission chairman, reviewed his conversations with Mayor Maier, who has said he wants no prison in Milwaukee.

Some Milwaukee aldermen may think they have been dealt with "in a cavalier manner" and may change their previous support for the Trostel site, Earl said.

"The area's two major newspapers are predictably split" on the tannery site, Earl said. However, he said, Trostel has more backing than any other location and "we do not have the luxury of waiting for unanimous support."

Wall Street Journal
March 28, 1983

Milwaukee Road Says Trustee to Settle Debts Of Up to $75.5 Million

By a WALL STREET JOURNAL *Staff Reporter*

CHICAGO—Chicago, Milwaukee, St. Paul & Pacific Railroad said its bankruptcy trustee agreed to settle as much as $75.5 million of debt in secured bonds and personal-injury claims.

Payments on the interest accrued through last Dec. 31 will be made before July 1, with remaining claims for principal and interest to be paid by Dec. 31, 1984, the railroad said. Legal expenses will be subtracted from the payments, which require court approval.

The maximum payments for each $1,000 face amount are $220 on first-mortgage bonds; $397.98 on general-mortgage bonds, Series A; $415.85 on Series B, and $238.15 on Southern Indiana Railway first-mortgage bonds.

The railroad said its trustee, Richard B. Ogilvie, will file an amended plan of reorganization Thursday.

Milwaukee Road, as the railroad is informally known, said the court has already approved a plan to pay 90 cents on the dollar of personal injury and death claims filed against the carrier before its December 1977 bankruptcy filing. The claims amount to about $3 million, the railroad said.

Chicago Tribune, March 28, 1983

Milwaukee Road maps debt plan

The trustee of the Chicago, Milwaukee, St. Paul and Pacific Railroad Co. said he has reached an understanding with representatives of most of the bankrupt railroad's bondholders on a plan that would retire $75.5 million in debt. A railroad spokesman said the debt reduction could speed up the reorganization of the Milwaukee Road.

Green Bay Press-Gazette, March 21, 1983

Earl urges compromise for prison at Milwaukee

MILWAUKEE (AP) — The state will give up a legal fight to buy a Milwaukee building for a prison if it can proceed unhindered with plans for an alternative prison site elsewhere in Milwaukee, Gov. Anthony S. Earl says.

The governor also said that after the difficulties the state has had in locating prison sites he would seek legislation to exempt prison siting from environmental impact statement requirements — and he expected such legislation would have bipartisan support in the Legislature.

Earl had said earlier that the state would appeal a decision by Circuit Judge Richard Bardwell of Madison Friday, voiding the state's purchase Wednesday of the former Trostel tannery building.

Earl said Saturday that the state would abandon the battle to buy the building for conversion to a 200-bed, medium-security prison in favor of an alternative site in the city's Menomonee Valley, "if we could get assurances that we could move forward with that property with dispatch."

Earl said he had "a couple of conversations" about the matter with Milwaukee Mayor Henry Maier, who has opposed the Trostel site.

The governor said his latest offer was a compromise which would allow prison construction to proceed in Milwaukee and also remove the prison from a residential area.

A group of neighbors of the Trostel site filed the lawsuit that resulted in Bardwell's action.

"I would see it (the compromise) as a gesture of good faith, but I don't think the mayor sees it that way," Earl said.

Earl said the state, while waiting for a reply to its offer, would pursue use of the Trostel site.

The Earl administration has considered construction of a maximum-security prison in the Menomonee Valley area, but Maier has also opposed that idea.

A spokesman for the mayor said Saturday that Maier told Earl he did not plan to retreat from his position of opposing any prison construction in the city. The spokesman said Maier opposed use of a Menomonee Valley site for a prison and had not seen any evidence to justify a central city location, either.

Opponents of the Trostel site claimed the state should not proceed with the purchase until after an environmental impact statement is completed.

Earl, former secretary of the state Department of Natural Resources, said he could see a need for legislation to prevent the use of such arguments to stall prison construction.

U.S. District Judge Robert Warren of Milwaukee has directed the state to stop the overcrowding of its maximum-security Waupun State Prison.

Meanwhile, a lawsuit challenging a planned maximum-security prison at Portage remains pending before the Wisconsin Supreme Court.

Opponents to the Portage prison argued similarly that the environmental impact statement for the project was insufficient.

Earl said he was ready to seek legislation to exempt prison siting from the requirement for environmental impact statements.

"I don't like the idea very much, but I feel strongly that we have to be able to move toward siting a prison," he said.

Des Moines Register
March 24, 1983

Derailment near LeClaire

The Register's Iowa News Service

LeCLAIRE, IA. — U.S. Highway 67 was blocked north of LeClaire Wednesday by the derailment of 17 cars of a Milwaukee Road freight train.

Green Bay Press-Gazette, March 24, 1983

Earl to pursue two prison sites

MADISON (AP) — Gov. Anthony S. Earl, embroiled in a dispute with Milwaukee over prison sites, said Wednesday it is "full speed ahead" for constructing penitentiaries in Milwaukee and Portage.

Earl, chairman of the State Building Commission, commented after an attorney assured the panel the state had not violated a court order by purchasing a Milwaukee warehouse for a prison which neighborhood homeowners oppose.

The governor also has an eye on a railroad yard near Milwaukee County Stadium, but the commission was told that site near the Menomonee River is partly "muck" and vulnerable to floodwaters six feet deep.

Despite protests from Mayor Henry Maier, the Earl administration is pressing ahead with plans to build a prison somewhere in Milwaukee, possibly by remodeling the warehouse which once housed the Trostel Tannery.

The commission received a report from assistant attorney general Charles Hoornstra on the status of an order from Judge Richard Bardwell of Madison voiding the state's $1.2 million purchase of the Trostel site.

Bardwell has scolded the state for proceeding. He has scheduled a hearing April 4 on a request by attorneys for Trostel-neighborhood homeowners that state welfare secretary Linda Reivitz and possibly Earl himself be held in contempt of court.

Asked by commission members about Maier and his opposition, Earl said he discussed the matter with the mayor March 11 and believes Maier finds the Menomonee Valley "a bit more palatable" for a prison than the Trostel site.

"The mayor thought I was going to drop any further action on the Trostel site," Earl said. "I thought I had made it clear, but apparently I did not, that we would pursue both sites until we had a prison under construction."

Earl was asked if he was surprised that Maier objects after some Milwaukee legislators and lawyers had agitated for months for a prison as an alternative to building a central Wisconsin prison in Portage.

"I am not particularly surprised," Earl said. "He believes that if there is going to be a site in southeastern Wisconsin, it ought to be in the suburbs."

Paul Brown, a commission secretary, said the 50-acre Menomonee River site would require construction costs $1 million beyond normal because of a need for a special foundation on soft, landfill soil in a floodplain.

Earl and Reivitz, secretary of the Department of Health and Social Services which oversees the Corrections Division, say they are moving ahead on prison work because a U.S. District Court judge, Robert W. Warren, has told the state to alleviate congestion at Waupun State Prison.

"I am going full speed ahead," Earl said.

Hoornstra said the state is preparing arguments before the State Supreme Court for next Wednesday on a ruling by a Milwaukee judge stalling the 450-inmate Portage project. The Trostel plan calls for a 200-inmate prison.

Brown said the state is directing that the full 50 acres offered by the Milwaukee Road in the Menomonee Valley be appraised.

The site, he said, is in a floodplain theoretically vulnerable to the sort of flood that occurs every 100 years, which would mean a six-foot inundation.

The governor said the extra $1 million to set the prison on pilings or some other sort of special foundation does not automatically rule out the site.

Journal of Commerce, March 23, 1983

Chlorine Institute Files Rail Complaint

Journal of Commerce Staff

WASHINGTON — A complaint challenging railroad cancellations of "through routes, joint rates, and reciprocal switching arrangements" has been filed with the Interstate Commerce Commission by the Chlorine Institute.

The complaint charges 20 railroads with violating the spirit and intent of the Staggers Rail Act by stifling intermodalism and competition.

The shippers asked the ICC to restore "all canceled reciprocal switching arrangements" and "all through routes and joint rates except those proven to be inefficient movements."

Journal of Commerce
March 25, 1983

Conrail Claims Reforms Boosted Grain Traffic

Journal of Commerce Staff

Conrail is crediting an overhaul of its grain traffic policies for a reported 15 percent increase during 1982 and a 50 percent hike during 1983 in movements of that commodity.

James A. Hagen, senior vice president, marketing and sales, noted that carloads during 1982 rose from 76,826 to 88,685. January figures showed 10,432 carloads moved.

Mr. Hagen attributed the increased business to a major restructuring of grain tariffs, truck-competitive rates and special efforts to please shippers.

The tariff revisions, which reduced more than 4,000 pages to 40, also included cancelling joint rates, some of which were more than a century old.

Conrail has contended that the joint rate cancellation in the grain area actually has helped to increase grain shipments on the line while not hurting shippers. Trends Conrail terms as positive have been cited in the ongoing battle between Conrail and the Chessie System Railroads over joint rate cancellations in the Midwest.

The new grain rate structure divides rates into grains and products for human and not-for-human consumption.

Another tariff was credited by Mr. Hagen as the reason that a grain marketer chose to locate two new elevators with a total capacity of 500,000 bushels on Conrail tracks in Michigan.

Lower rates also enabled the carrier to ship feed corn into Delaware and within the state of New York, markets which the carrier had been unable to crack earlier because of high transportation costs.

Des Moines Register, March 20, 1983

Railroads' future in Iowa

[We were] intrigued by your recent editorial questioning the unrestricted sale of former Rock Island Railroad property to the Chicago and North Western, and your Feb. 20 editorial endorsing the construction of a new IBP plant despite adverse effects on other pork plants. . . . Do you support regulating industries or are you opposed to it? It seems to us that you are straddling the issue in regard to your positions on the above topics. . . .

We feel your position, that certain protective conditions be put on the sale of the RI to the C&NW, is well-founded and supported by past shipper allegations of deliberate deferral of track maintenance, downgrading of service and subsequent line abandonment.

Additionally, there remains the question of how much rail plant is adequate to serve the state and at what point are we subsidizing costly duplications of rail facilities in Iowa. We must also consider how much political pressure is brought to bear for retention of the east-west RI line by large communities along its track who may wish to see the restoration of passenger service to their cities.

The Staggers Rail Act may make it more difficult to impose controls on the C&NW, but we feel adequate protective measures can be provided to ensure that both the people of Iowa and the C&NW can live harmoniously on this issue. While it is true that the purchase of the RI track would impose financial hardship on the carrier and may even result in the need for assistance to rehabilitate some former RI track, what are our alternatives? . . .

C&NW's bid for former RI trackage gives encouraging indications that the C&NW is serious about their continuing role in the transportation industry in Iowa. . . . — **Alan E. Thompson, legislative representative and secretary, Local 316, United Transportation Union; 535 Tenth Ave. S., Clinton.**

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Regarding the article in the Feb. 13 Sunday Register, "Iowa State Officials Seek to Halt Rail Sale": The article was an unjustified attempt to discredit a good company.

The Chicago and North Western Railroad has performed a valuable service by hiring several hundred people in the past few years for various rail-improvement projects in Iowa. Its management deserves credit for farsightedness and dedication to an efficient transportation system for the future.

If the C&NW is allowed to purchase the Rock Island trackage, its revitalization will mean more jobs for Iowans. . . . — **Robert B. Peters, Callender.**

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Des Moines Register, March 1983

Bidding war for Iowa Rock tracks breaks out

By RANDY EVANS
Register Staff Writer

CHICAGO, ILL. — The ownership of nearly 500 miles of Iowa railroad tracks remained up in the air Tuesday after a high-stakes bidding war erupted between the North Western and Soo Line railroads.

In rapid fashion, the price tag for the old Rock Island Lines' tracks climbed from $76.3 million to $81 million and then $85.3 million, with the North Western continuing to fend off attempts by the Soo Line to expand its operations into Iowa and Missouri for the first time.

But at the request of Soo Line officials, the federal judge overseeing the liquidation of the defunct Rock Island gave the Minneapolis-based company until Friday afternoon to make one last try at out-bidding the North Western.

The dickering for approximately 700 miles of Rock Island tracks in three states has been closely followed in Iowa because the lines serve Des Moines and extend into the rich farming country of north-central Iowa — where a sizable portion of the United States' export-bound grain is grown.

A number of state officials, including top administrators in the Iowa Department of Transportation and a number of elevator operators in the state, are concerned that the North Western will have a near-monopoly on long-haul grain traffic in the state if the Rock Island deal goes through — something they say could lead to higher freight rates.

State officials and community leaders in central Iowa also are concerned that it will be more difficult to find a buyer for the Rock Island's old east-west mainline if the North Western succeeds in gaining control of a 10-mile segment through Des Moines.

And DOT officials also have worried aloud that the cost of buying and rehabilitating the Rock Island tracks could jeopardize the North Western's solvency — and perhaps plunge Iowa's largest railroad into bankruptcy.

But North Western officials have dismissed those concerns and said the Rock Island acquisition is important to the future of the company and will lead to far better rail service in Iowa. North Western president James Wolfe last week lashed out at state officials for interfering in his company's efforts to buy the tracks through their encouragement to the Soo Line to look into purchasing the tracks.

The tracks include the old Rock Island mainline between Minneapolis and Kansas City, Mo., the east-west tracks in Des Moines, and branch lines in Buena Vista, Clay, Dickinson, Emmet, Franklin, Hancock, Hardin, Humboldt, Kossuth, Osceola, Palo Alto, Pocahontas, Winnebago and Wright counties.

The North Western reached a tentative agreement last month with Rock Island bankruptcy trustee William Gibbons to buy the tracks for $76 million — some $10 million more than the Soo Line had been willing, up to then, to bid. The transaction was to be presented to U.S. District Judge Frank McGarr here Tuesday for his preliminary approval.

Late Monday, however, Soo Line officials formally upped the ante to $81 million — an offer that Gibbons said he was prepared to recommend for Judge McGarr's approval. But two hours before Tuesday's court hearing began, North Western officials topped that bid by offering $85.3 million.

A short time later, according to Gibbons' attorney, the trustee reached Soo Line Chairman Thomas Beckley at a telephone booth in Bismarck, N.D., and gave him the chance to bid again. But Beckley declined, saying he first would have to meet with his company's board of directors.

Gibbons alluded to what he called "a tremendous groundswell" of support for the Soo Line, but he urged Judge McGarr to end bidding at once. Gibbons' attorney said a one-month delay in consumating the sale would cost the Rock Island's estate more than $600,000 in interest.

"The Soo has had adequate opportunity," said the attorney, Nicholas Manos.

Attorneys for the North Western and the Rock Island's major creditors also urged an immediate end to the bidding, saying it was in their clients' best interests — as well as the public's — for the sale to go through now.

"We would like to get on with this," said Stuart Gassner, counsel to the North Western.

But lawyers for the DOT and Soo Line asked the judge to postpone his preliminary decision on the sale and give the Soo Line time to prepare another offer.

DOT lawyer Robert Steiner told the judge the impending sale represents a major restructuring of rail service in Iowa, and state officials "have some problems" with the North Western's offer.

"It has very important and long-range implications for the people of Iowa and southern Minnesota," said Byron Olsen, the Soo Line's top lawyer.

Judge McGarr told the lawyers, "I'm interested in whatever will bring in the most money."

Industry Week, March 21, 1983

A merger with Santa Fe would open up the West to Norfolk Southern.

Norfolk finds the way to Santa Fe

Rail-merger craze and heated competition mean less choice for shippers.

By Brian S. Moskal

Norfolk Southern Corp. says it's an investment. But there is little doubt in everyone else's mind that its 5% purchase of Santa Fe Industries Inc.'s stock on the open market this month for $96 million is the first step toward the nation's long-awaited first transcontinental railroad.

"It's a well-orchestrated plan," declares John M. Anderson, principal and director of transportation costing, A. T. Kearney Inc., Alexandria, Va. Sally H. Smith, rail analyst at Alex. Brown & Sons, a Baltimore-based investment-banking firm, agrees. "By purchasing more than 5% of the stock [actually 5.01%], Norfolk Southern had to make the purchase public. And when something like this does happen, rail management starts looking at the maps because they feel a degree of pressure."

Scanning the maps could lead to other roads looking at each other for merger partners. CSX Corp.—whose strength is in the same eastern corridor as Norfolk Southern—supposedly has already looked at the maps and could likely find a merger partner in Southern Pacific Transportation Co., which has slowly been starving for business in the western and southwestern portions of the country. Burlington Northern Inc. is another likely prospect for CSX, and a third potential partner might be Union Pacific Corp., which just last September merged with Missouri Pacific Corp. and Western Pacific Railroad Co.

An alignment between Norfolk Southern and the Santa Fe could create "one—not *the* one—dominant rail system in the U. S.," Mr. Anderson declares. The combination would give Norfolk Southern access to the West Coast and Gulf Coast areas served by the Santa Fe west of the Mississippi and linkups in Chicago and Kansas City—all without duplicate trackage. Such a union across the Mississippi would allow for long hauls that reduce operating costs and increase profits.

"These roads are looking long-term for intermodal piggyback traffic across the country," says Mr. Anderson. "Such a combination would have a devastating effect on the Southern Pacific, and its survival would be in question."

Shipper impact. Shippers already are having problems with the railroads, and another merger of two strong roads would further limit their choices and abilities to play one road against another for price concessions. The five-month-old dispute between the Chessie System railroads and Conrail is an example of rail giants fighting at the expense of shippers.

For more than 100 years, American railroads freely interchanged freight cars with one another, providing shippers generally with a host of possible routes. Now, many carriers, intent on holding their revenue-producing traffic, are either refusing to interchange or raising the price for reciprocal-switching service. A current Conrail proposal, scheduled to take effect last weekend, would hike reciprocal-switching charges from $187 per car to $283 a car.

"This whole thing is spreading like wildfire," says Harry D. Gobrecht, vice president-transportation and distribution, U. S. Gypsum Co., Chicago. Southern and Santa Fe, along with a host of other railroads, have disputes similar to the Chessie-Conrail altercation, he points out.

The net effect is to remove a lot of flexibility that shippers have had in the past," says Mr. Gobrecht. "If one rail serves both a shipping point and a destination point, it won't accept traffic from a competing road in its territory. That's what is killing the flexibility," he adds.

The National Industrial Traffic League, a trade group of 1,000 big shippers, has protested these rail actions to the Interstate Commerce Commission (ICC). But the ICC on Mar. 9 voted not to suspend the reciprocal-switching actions in the case of the Southern Pacific versus the Santa Fe. The mood at the commission appears to be to let the marketplace determine what rails can do.

But "letting the marketplace govern these kinds of actions," worries Mr. Gobrecht, "could lead to the ruination of shippers' flexibility." ■

Wall Street Journal, March 29, 1983

Rock Island Railroad Trustee Cleared to Pay Certain Claims Early

By a Wall Street Journal *Staff Reporter*

CHICAGO—The bankruptcy trustee for the Chicago, Rock Island & Pacific Railroad said a federal judge authorized him to offer some creditors immediate cash payment equal to 90% of their claims.

Trustee William M. Gibbons said unsecured creditors who were owed money by the Rock Island railroad before it entered bankruptcy proceedings in 1975 either could choose the 90% cash settlement or could wait for full payment of their claims with interest, expected by year-end.

Mr. Gibbons said he asked the court for permission to distribute early payments of the unsecured debts when he suspected that offers to buy the claims for amounts "far below 90%" might circulate, offers he characterized as unfair.

Des Moines Register - Letters to Editor

March 24, 1983

RR competition

How nice that this state needed to raise the taxes I pay so we could have a fund to assist a foreign (Canadian-controlled) railroad competing with one of the few solvent transportation industries left in Iowa.

Why not institute a fund to help out International Harvester and White Farm Equipment so that John Deere doesn't become too profitable?

I realize it would be very nice to have a railroad in every town, just as it would be convenient to have a state liquor store in every town. I notice we have stores only where it is profitable to have one.

For a state that needs railroads so badly, why are we so determined to send the Chicago and North Western down the path of the Milwaukee and Rock Island? It doesn't seem to matter that the C&NW hired many employees of these former lines or that they practice common-sense business measure to ensure that there is a railroad left at all. — **Audrey Young, Atkins.**

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I'm also "utterly appalled," as is James Wolfe, president of the Chicago and North Western Railroad, at the state's efforts to interfere with the purchase of the Rock Island lines by the North Western.

He is correct when he states that funds would be used to benefit a foreign-controlled company. Iowa already has too many dollars and job-seekers leaving this state. Let the North Western provide jobs and service to the shippers. Competition will be provided by barge and truck. — **Marlene Hubbard, 702 Alta Vista, Carroll.**

March 26, 1983

Let RRs compete

I am a locomotive engineer for Chicago and North Western Railroad, who takes exception to the increasing negative attack on this railroad. The recent comments concerning the Iowa Railroad vs. C&NW give the latter the image of an evil giant crushing the little guy.

I applaud the efforts of the fledgling Iowa Railroad, but should all railroads grind to a halt so it can go through?

The Des Moines area is a bottleneck where I have been blocked by the Burlington Northern, Norfolk and Western, and even the Iowa Railroad. At other areas in Iowa the C&NW gets blocked by the Missouri Pacific, Union Pacific, Santa Fe, Amtrak and others. . . .

This is the way railroads run all around the United States. So when the fledgling Iowa Railroad gets blocked, the Iowa politicians get in the middle of the free enterprise of railroading. When you want to "play railroad," you have to play with the big boys, and compete successfully if you are to survive. Why should the Iowa Railroad be different and have its own set of rules? . . .

I suggest the politicians . . . try to run the state government and leave the railroading to the railroads. The strong will survive and prosper, and continue to serve the needs of their shippers. If we don't meet the needs, we, too, will go right down the road like the mighty Rock Island. — **Daniel B. Bagley, 620 Second St., Boone.**

Wall Street Journal, March 29, 1983

Soo Line Shelves Plan For Holding Company Pending Tax Rulings

By a WALL STREET JOURNAL *Staff Reporter*

MINNEAPOLIS—Soo Line Railroad said it won't present shareholders a proposal to form a holding company at its annual meeting April 20, as had been scheduled.

Soo Line said the proposal requires favorable income-tax rulings from U.S. and Canadian authorities and that Canadian authorities haven't done so.

The company said it has been told to expect a favorable U.S. decision and is continuing to pursue a similar Canadian one. It also is considering alternatives for establishing a holding company, Soo Line said.

As reported, Soo Line had planned to establish a holding company called Soo Line Corp. to let the railroad diversify more easily and reduce governmental restrictions on financing.

40% cut in Iowa's corn acreage seen from 'crop swap'

Farmers in almost half of Iowa's 99 counties have agreed to cut their corn acreage by 45 percent this year — the maximum the U.S. Agriculture Department will permit under its payment-in-kind program.

In some other counties, participation was between 40 and 45 percent. Many of the counties below the 45 percent mark were in eastern Iowa, where traditionally higher prices for corn made the government program less attractive.

In some counties, officials worked into the night Friday to tabulate the final results.

Telephone Survey

A Register telephone survey Friday of 99 county Agricultural Stabilization and Conservation Service (ASCS) offices indicated that 5 million to 6 million acres of Iowa's corn land — some 40 percent of the 13 million acres — may lie fallow this year.

This massive idling of productive land will dramatically change not only the appearance of the state but the fundamentals of its economy. On hundreds of farms, no corn will be raised.

In a few counties, ASCS officials refused to discuss the sign-up in deference to the Agriculture Department's efforts to keep the participation results secret until Tuesday.

Friday's survey was the first concrete indication of the popularity of the Reagan farm program measure, a combination of cash and grain payments designed to cut production this year and reduce the nation's already mountainous supply of surplus corn.

Reagan's "crop swap" program provided farmers with cash payments for idling the first 20 percent of the land they normally plant to corn. In return for idling as much as an additional 30 percent, farmers will receive from the government 80 percent of their normal corn yields on those acres.

In addition, farmers were permitted to bid to stop growing corn altogether this year in exchange for grain. The Register learned Friday that the government will let no more than 45 percent of the corn acreage in any county be idled under any combination of those sign-up options.

Working Overtime

Workers in ASCS offices Friday were busy opening bids by farmers to idle entire corn bases to try to bring counties up to the 45 percent mark.

The laborious task of opening and sorting the bids meant overtime hours for ASCS employees in some of the state's biggest corn-growing counties in central and north-central Iowa. In some counties, workers moved out of their cramped headquarters to work in banks, town halls and community centers.

While some ASCS county officials were reluctant to discuss the sign-up, others spoke freely about the figures and seemed both happy and proud of the task that was mostly behind them. This was the most complicated and involved farm measure in years, inasmuch as the payment-in-kind provision was added in mid-January to the basic program announced last fall.

The opportunity to gain information about the sign-up came Friday as the whole-farm bids were opened. This occurred in counties where less than 45 percent of the county corn base had been taken out of production under the regular cropland set-aside and grain payment-in-kind program.

The whole-farm bids were accepted until the 45 percent ceiling was hit. Agriculture Secretary John Block said initially that no more than one-half of a county's corn base would be idled.

The Register's survey indicated that the idled corn acreage will far exceed even the 4 million acres taken from production one year in the 1960s under the Feed Grain Program.

11th-hour Snag

This year's program, however, ran into an 11th-hour snag. Bill Harshaw, ASCS program specialist in Washington, D.C., said farmers who signed up for crop swap before the final regulations were written had signed a temporary pact.

They were to be mailed a final contract, Harshaw said, and because

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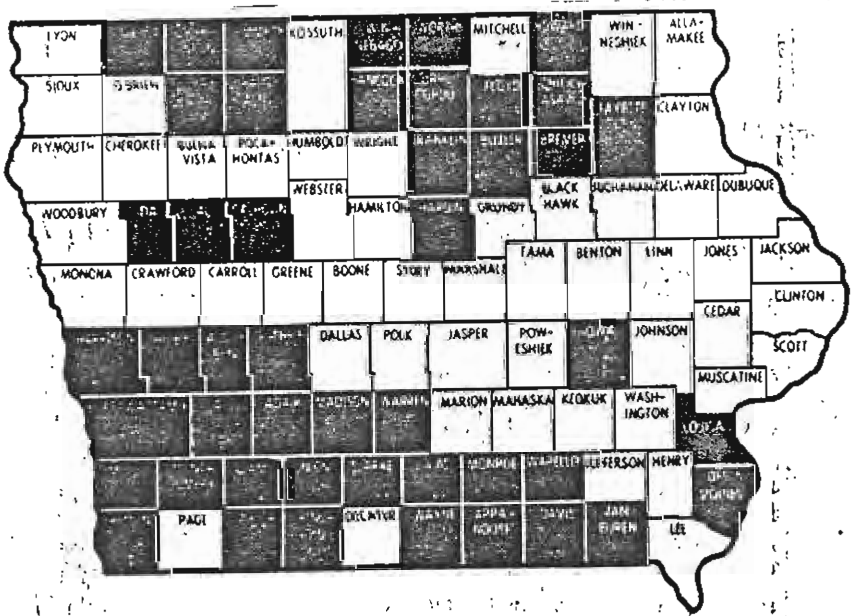

Black counties are those, as of late Friday, that will have 45 percent of their corn base acres idle this year under government programs. Some counties are still counting and could be added later.

40% cut in Iowa's corn acreage seen from 'crop swap' - Concluded

the two forms were different, farmers were given 10 days to drop out of the program without penalty.

But some county ASCS offices mailed the final contracts late and others still haven't sent the documents, he said.

In some cases, he said, farmers will be permitted to duck out of the program without facing a penalty.

Rumors of the loophole circulated at the Chicago Board of Trade Friday morning, sending down corn prices on the possibility that many farmers will cancel their participation and thus increase 1983 production.

Despite this snag, the sign-up was dramatic. The program will sharply cut into the business of farm supply firms that sell seed, fertilizer, fuel and the chemicals that control pests and weeds.

In Winnebago County, not a single bid to idle an entire farm's corn base had to be opened because county officials reported 45 percent of the county's 141,350 acres of corn land had already been scheduled to be idled under the regular set-aside and payment-in-kind program.

The 50 percent cropland set-aside and grain payment option appears to be the most popular choice with many Iowa farmers.

In Emmet County, which has a corn base of 119,500 acres, county ASCS officials said there were 195 bids to idle whole farm corn bases, but only 52 were accepted before the 45 percent limit on land retirement was hit.

All bids submitted to idle entire corn bases were accepted in several counties, including Grundy, Wright, Carroll, Lyon and a number in eastern Iowa. That means the ceiling of 45 percent of a county's corn base idled was not reached in those counties.

In Franklin County, however, only a third of the whole-farm bids had to be opened before the 45 percent ceiling was reached.

Here is the list of counties where 45 percent of the corn cropland is to be idled this year, according to The Register's survey. Not included are counties where ASCS officials late in the day were unable or unwilling to report the outcome:

Adair, Adams, Appanoose, Audubon, Butler, Bremer, Calhoun, Cass, Cerro Gordo, Chickasaw, Clarke, Clay, Davis, Des Moines, Dickinson, Emmet, Fayette, Floyd, Franklin, Fremont, Guthrie, Hancock, Hardin, Harrison, Howard, Ida, Iowa, Louisa, Lucas, Madison, Mills, Monroe, Montgomery, Osceola, Palo Alto, East Pottawattamie, Ringgold, Sac, Shelby, Taylor, Union, Van Buren, Wapello, Wayne, Warren, Winnebago and Worth.

Wall Street Journal
March 1983

Grain Prices Rise On Signs Farmers Will Slash Plantings

A WALL STREET JOURNAL *News Roundup*

Indications that farmers will sharply reduce their plantings of wheat and corn this season gave a strong boost to prices. Soybeans also showed strength.

Most corn contracts at the Chicago Board of Trade rose the daily allowed limit of 10 cents a bushel before retreating slightly. May-delivery corn settled at $3.0875 a bushel, eight cents higher. May-delivery wheat rose 12 cents, to $3.665 a bushel.

Analysts attributed the enthusiastic gains to the Agriculture Department's report, issued after markets closed Tuesday, that showed that farmers agreed to idle 39% of their corn and sorghum acres, and 35% of their wheat land.

Futures Markets

Those numbers aren't hard and fast because some farmers may elect to withdraw from the acreage-reduction programs without penalty, and others who didn't enroll in the programs may decide to plant more corn if prices remain high or improve further. For the short-term, "there's just nothing to restrain the market," said Dale Durchholz, director of commodity research for Maduff & Sons Inc.

Soybean prices also surged because farmers who decide to plant more corn are likely to grow fewer soybeans. May-delivery soybeans rose to $6.345 a bushel at the close, a 23.5-cent gain.

Journal of Commerce, March 25, 1983

Coal Slurry Legislation Faces Change

Journal of Commerce Staff

WASHINGTON — The House version of the coal slurry pipeline bill could emerge as a substantially rewritten document after markup hearings are reconvened April 6 in the House Interior and Insular Affairs Committee.

Hill staffers report the committee ran out of time Thursday in its consideration of approximately 25 amendments to the bill.

But revisions altering language on eminent domain, pipeline capacity, and the Federal Land Policy Act were accepted at the first meeting. Amendments offered on water rights were resisted, however.

The committee's final pipeline legislation will go to the House Public Works and Transportation Committee before making its way to the House floor.

A Senate version of the coal slurry pipeline legislation was discussed at an Energy and Natural Resources Committee meeting Wednesday, but no action was taken.

Des Moines Register, March 19, 1983

Deere announces new backhoe line, recalls 110 in Dubuque

By KENNETH PINS
Of The Register's Dubuque Bureau

DUBUQUE, IA. — Upbeat Deere and Co. officials here unveiled a new product line Friday that Dubuque plant manager John Lawson said will "ensure that we become worldwide leaders in backhoe loaders."

Deere officials also announced a related recall of 110 production workers to the plant, and predicted the new line of construction equipment will allow Deere to bring 300-500 more laid-off employees back to work before the end of the year, boosting the total number of 1983 recalls to between 600 and 800.

Introduction of the new backhoe loader line and the announced recalls came as good news here, where the number of production workers at the Deere plant had dropped from 6,000 to 2,000 over the past three years.

Marketing of the new line of four backhoe loader models comes amid improvement in the construction industry, and while conceding the timing of the two is somewhat coincidental, Deere official Bill Lux said, "I don't think we could have planned it any better."

Lux, director of the industrial equipment product engineering center, said the four new models were designed from "a clean sheet of paper," rather than adapted from existing models, and he issued a challenge to Deere's competitors in the construction equipment field.

The competition, Lux said, "will have some difficulty catching up with us. And we're already working on new products.

"This is probably a half step ahead of state of the art," Lux said. "We fully expect to challenge Case with this introduction."

J.I. Case Co. of Racine, Wis., is currently recognized as the leading manufacturer of backhoe loader machines.

Design of the new models began over seven years ago, and they represent a $100 million investment and 70,000 hours of testing, Deere officials said.

Lux touted the new models as being safer, quieter, more productive, more fuel efficient and more resistant to vandals visiting construction sites than previous models. The machines are also designed for more ease of operation than before.

The new small- to medium-size product line, to be built exclusively at Deere's Dubuque plant, is designed for excavating related to underground utility placement, commercial and residential property construction and for highway repair and rebuilding.

Lawson called the machines "one of the most significant product introductions in our history."

Journal of Commerce, March 21, 1983

Soda Ash May Cure Acidic Pond

Journal of Commerce Special

MORRIS TOWNSHIP, N.J. — The New York State Department of Environmental Conservation will know next month if soda ash, or sodium carbonate, will enable an acid-rain-polluted Adirondack pond to once again support life.

Bone Pond, where brook trout once flourished until it became contaminated by acid rain — sulfuric and nitric acids that have probably been converted from the fallout from power-plant stacks — was treated last fall with over five tons of soda ash contributed by Allied Chemical Co., the world's second largest producer.

The company also furnished the equipment needed to treat the Franklin County pond and made available a laboratory to analyze the samples taken from it. Bone Pond is about 15 miles west of Lake Placid.

"The last water analysis we ran, in late January, was satisfactory," said Martin Pfeiffer, an aquatic biologist at the department's Bureau of Fisheries. "This means that the pH level, a measure of alkalinity and acidity, was well into the safety range — the mid-seven level. Prior to the addition of soda ash, the pond had become so acidic, with readings in the mid-four range, that it was no longer capable of supporting trout life."

In addition to monitoring water samples, Mr. Pfeiffer said, next month's series of tests will also entail "netting" the pond to see if the trout added last fall, after the pond was treated with soda ash, have survived. "If so, we have plans to restock it annually," he said. Fish added last spring, before the pond was purified, died within a few months.

The key unknown in next month's tests will be the early snow-melt runoff, according to Mr. Pfeiffer and William Nelson, who heads the program for Allied.

Because the melt normally carries a high content of hydrogen ions, they point out, the acidic condition of the nine-acre pond would increase although probably not to an unsatisfactory level.

"For one thing, we've had little snow this year so we don't expect an unacceptable pH level," Mr. Pfeiffer said.

What's more," he pointed out, "studies have proved soda ash to be highly effective in neutralizing acid waters — much more so, in fact, than calcium-based alkalines like hydrated lime and agricultural limestone products."

That's why Allied and the Department of Environmental Conservation agreed last fall to undertake a joint eight-year program to study the long-term effect of treating acidified ponds in the Adirondack Mountains with soda ash.

Among the reasons Bone Pond was selected for the initial evaluations, Mr. Pfeiffer said, were the availability of an access road and its proximity to the conservation department's headquarters.

Although the cost of soda ash runs between two to three times that of bagged lime (currently about $45 per ton), both Mr. Pfeiffer and Mr. Nelson say that in the long run it should prove a less expensive method of treatment because its effect may be longer lasting. Hydrated lime must be added every year or two and agricultural lime about every three years. Soda ash, they say, promises to be significantly longer lasting, perhaps as much as six or seven years.

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Journal of Commerce, March 17, 1983

Two More Shippers' Groups Join Rail Rate Protest

By RIPLEY WATSON 3rd
Journal of Commerce Staff

Two major shippers' organizations have joined the widening protests against cancellation of joint rates and route closings which have been sweeping American railroads during the past two months.

Meanwhile, the general attorney for the GT Rail System, charged that the policy of open interchange of freight cars is being destroyed by the rate disputes between railroads.

The Chlorine Institute of America and the National Grain and Feed Association were the latest protesters of the moves to cancel the multi-carrier rates and routes.

The agricultural group released a study urging that joint-line rates be compulsory between carriers whose routes intersect and join. Binding arbitration was recommended to settle disputes.

The association noted suggested that agricultural shippers have a right to reciprocal switching at reasonable costs.

Grain and feed association officials noted that 94.3 percent of all country grain elevators are served by only one carrier, raising the question of whether market forces can provide shippers with adequate competition to protect the grain industry's interests.

Other freight modes such as barge and truck do provide competitive service where available, the association noted.

In a related development, John C. Danielson, attorney for the GT Rail System, charged that "America seems plainly to be headed toward economic turmoil in the railroad industry" as a result of the cancellations.

Grand Trunk recently obtained an injunction against Conrail after joint rates and routes were cancelled, but a GT spokesman noted that business was lost before the injunction.

Losses to the railroad are in the millions of dollars, the spokesman said.

In his speech to the Central Territory Shippers Advisory Board Tuesday at Perrysburg, Ohio, Mr. Danielson charged that one Conrail route was closed even though Conrail earned more than 500 percent of its variable allowable costs.

That route was identified by GT Rail System as westbound traffic from parts of New York and Pennsylvania to western Canadian points.

Other protests of the joint rate battles which have ensnared the railroads are the National Industrial Traffic League, PPG Industries and the American Paper Institute.

Among the railroads who have been adversaries in the disputes are Conrail and the Chessie System Railroads as well as GT in the eastand the Santa Fe, Southern Pacific and Union Pacific in the West.

Mr. Danielson noted that the shipper loses if competitive routing choices are eliminated by reaching reduced markets, having poorer service, reduced car supply and higher prices once the shipper becomes captive.

Chicago Tribune, March 28, 1983

Trucks that become trains

Last year, with minds more on gasoline shortages than gluts, the Congress authorized the use of double tractor-trailer rigs on interstate highways throughout the nation. It also raised maximum weights for single axle trailers from 18,000 to 20,000 pounds, tandem axles from 32,000 to 34,000 pounds and absolute trailer weight from 73,280 to 80,000 pounds.

Motorists and highway repair crews may have noticed the difference.

The trucking lobby apparently viewed this simply as an appetizer. The authorization measure carried a provision directing the Department of Transportation to conduct a year's study and prepare a report for Congress on whether interstate truck weights and lengths shouldn't be increased further—specifically, to allow tractors to pull as many as three trailers at a time for an overall length of as much as 110 feet.

As outlined in the directive, overall weights could go as high as 140,000 pounds if spread over a sufficient number of axles, and these monsters could be allowed off the interstates to go in search of fuel, food and lodging.

It's a long way between study and passage, but this sounds like an idea that ought never be allowed on the road. What the truckers seem to have in mind already exists—with hazard to neither motorist nor pavement. It's called the railroad train.

Journal of Commerce, March 21, 1983

New Mississippi Lock On Target for 1988

By BILL MONGELLUZZO
Journal of Commerce Staff

ST. LOUIS — Construction of a new Lock and Dam 26 on the upper Mississippi River is proceeding close to schedule, and the facility could be opened to traffic later in 1988.

Col. Gary Beech, commander of the U.S. Army Corps of Engineers' St. Louis district, told the annual meeting of the Inland Rivers, Ports and Terminals Inc. the new facility is projected to meet tonnage demands until the period 1990 to 1993. The Corps is seeking authority to build a second lock, which would accommodate traffic demands for the next 40 to 50 years, he said.

Legislation has been prepared in both houses of Congress to authorize construction of the second, or auxiliary, lock, but no action has been taken yet.

Lock and Dam 26, often called the most important waterway project in the nation, was held up for years by litigation brought by a coalition of environmentalists and railroads. The project was finally approved in 1978, when Congress included as a quid pro quo the establishment of waterway user fees.

The present lock and dam structure at Alton, Ill., has been operating at capacity for years. The facility last year handled 67 million tons of cargo, which was actually down 3 percent from the previous year.

Even with the drop in cargo, delays at the facility continued. Col. Beech said the average delay last summmer was 10 hours for a tow. In previous years, delays had averaged as much as 40 hours, but the Corps and barge companies have increased the efficiency of their operations at the lock, he said.

The efficiency of operations at the present facility has been optimized, however, Col. Beech said, and the new structure is needed. Already this year, Lock and Dam 26 is experiencing its busiest first quarter ever.

The new Lock and Dam 26 will cost $850 million. About $200 million of that amount has already been spent. Col. Beech said engineers have determined that construction of a hydroelectric power plant at the site is feasible. That plant, if built, would cost about $350 million, and would supply electricity for a city of 50,000.

Of more importance, however, is the construction of a second lock at Alton, in addition to the one now being built. The second lock would be 600 by 110 feet.

Col. Beech said the Corps could save $80 million if approval for the second lock is granted by 1984. The Corps could then utilize the present coffer dam, installed for construction of the lock now being built; otherside, a new coffer dam would have to be built at a later date. Projected costs for the proposed second new lock is $245 million.

If the final legislation authorizing construction of the second lock includes provisions demanded by environmentalists, the long legal battles associated with authorization of the present project could be avoided, Col. Beech said.

Wall Street Journal, March 23, 1983

Itel Plan Approved For Reorganization With 2 Conditions

By a WALL STREET JOURNAL *Staff Reporter*

SAN FRANCISCO—Itel Corp., the once high-flying financial services concern that is reorganizing under protection of the federal Bankruptcy Code, said the bankruptcy court signed a conditional order approving its reorganization plan.

But the court ordered Itel to meet two longstanding conditions by July 1, if it is to confirm the plan: The company must settle its securities class-action lawsuit, receiving district court approval of the settlement, and it must reduce senior unsecured claims to $844.8 million.

The order was signed yesterday following a hearing on feasibility of the plan Monday.

Itel believes it can meet the conditions by July 1, but said that if it can't, it will request an extension from the court and a committee of unsecured creditors.

As previously reported, Itel agreed in principle for settlement of the class-action suit, but it still is preparing documents for filing the settlement with the court, an Itel spokeswoman said. Itel has reduced senior unsecured claims to about $870 million currently from more than $900 million last September, she said. Itel has made "considerable progress" toward meeting the conditions, but "uncertainties remain and substantial work must still be done," the company said.

In the Monday hearing, Itel said its 1983 operating results are likely to be less favorable than projected in a disclosure statement prepared last August and approved by the court in December. As a result, revenue and cash flow during 1984 to 1987 likely will be lower than predicted, it said.

The spokeswoman said that specific new projections aren't available, but that the lowering of expectations comes from slower-than-expected improvement in economic conditions. Itel incorrectly had "assumed that an upturn in economic activity would be reflected in (1982) fourth-quarter results," she said.

As a result of the reduced projections, Itel said, interest and dividends on securities that it will issue to creditors under the reorganization plan are likely to be paid "later and in lesser amounts than originally projected." However, the company will "still be able to meet its fixed obligations and commitments under the plan," it said.

Itel currently expects that holders of senior unsecured claims will receive a distribution of $663 in cash and new securities for each $1,000 in claims. Holders of subordinated debentures will receive a distribution of about $264 per $1,000 claim, it said. Distributions for holders of common and preferred stock haven't changed significantly from earlier expectations, it said.

The company said its cash distribution currently is expected to total about $341 million, up from $324 million expected at the end of 1982.

Itel has revised its estimates of the market value of the four new securities it will issue creditors. The 14% secured notes are expected to trade at about $873 for each $1,000 of face value. The 10% secured notes are expected to trade at about $376 for $1,000 face amount. The new preferred stock will have an expected value of about $14.90 per $100 par value share, and the new common stock will have an expected value of about $2.50 a share, it said.

Itel has been operating under Chapter 11 of the Bankruptcy Code since January 1981. Under Chapter 11, a company is protected from creditor lawsuits while it tries to reorganize and devise a plan to pay its debts. The former diversified financial-services concern has disposed of many operations, but remains in the equipment-leasing business.

Clinton Herald, March 14, 1983

Grade-crossing deaths studied

SPRINGFIELD, Ill. (AP) — One of life's little irritations in Illinois, where railroads cross highways more than anywhere hut in Texas, is idling your car at a crossing while a freight train lumbers past at five miles an hour.

Railroad crossings are a fact of life in the Prairie State — and a fact of death.

Over the past decade, Illinois led the nation in grade-crossing deaths with 669 fatalities. An estimated 1,000 Americans die in such accidents each year.

But the state lost its top ranking in 1981, when it dropped to second place by federal calculations and to third according to the state's own count.

The steady decline in Illinois deaths, from 83 in 1976 to 44 last year, is attributed to the addition of safety devices and to Operation Lifesaver, an 8-year-old program alerting people to the risks of trying to outrun trains that was highlighted last week during Grade Crossing Safety Week.

It would appear the key to cutting the death rate lies in educating the public. An astonishing 73 percent of Illinois fatalities occur at crossings equipped with flashing lights or gates activated by approaching trains. The national average for such deaths is 42 percent, according to the Illinois Commerce Commission.

"It baffles me somewhat," said Bernard L. Morris, chief railroad engineer for the ICC, which runs a $6 million state fund that helps pay for installation of grade-crossing safety devices.

Nearly 40 percent of Illinois' grade crossings are equipped with gates, flashers or both. And the familiar white "crossbuck" signs are supposed to mark every public grade crossing, Morris said.

"After a while, you wonder what people are thinking when they're doing these things," he said, noting that in some cases — despite activated flashers or gates — motorists apparently don't even bother to look for trains.

Professor Hershel W. Leibowitz of Pennsylvania State University has done more than wonder. He's studied the factors that compel some people to try to beat trains and the perceptual problems that produce fatally-flawed estimates of how far away a locomotive is.

"There are very special dangers at grade crossings," Leibowitz said in a telephone interview. "We kill 1,000 people a year and we don't need to kill any of them."

Many drivers simply don't understand the risks posed by railroad grade crossings, he said. Trains, like other large objects, appear to move more slowly than they actually do.

Another problem may be the impunity with which many motorists disobey track signals, Leibowitz says.

"It's a situation in which you can usually ignore official warnings," he said. "That's why people try to beat the train, and most people most of the time can cross safely even after the bell and lights have been activated.

"When we cross successfully and are rewarded or 'reinforced' for this behavior, our confidence rises and boosts the probability that we will try again," Leibowitz told a recent National Safety Council symposium on grade-crossing accidents.

That confidence often is boosted by alcohol, according to Morris, who said about half the accidents involve drunken or drugged drivers — about the same percentage as in highway deaths.

Another cause of accidents is familiarity.

Des Moines Register, March 23, 1983

No corn on 6.2 million Iowa acres

By DON MUHM
Register Farm Editor

Iowa farmers will idle 6.2 million acres normally planted to corn this year under the most popular federal crop-curbing program in history.

The first official report on this year's farm program showed that 41.6 percent of the corn acreage will be idled in the state that usually leads the nation in production.

The result could be a billion-dollar blow to Iowa's main street agribusinesses, which already are suffering from two years of depressed grain prices, according to Iowa Agriculture Secretary Robert Lounsberry.

The losses will come from seed not planted, chemicals not used and fuel not purchased as fields lie fallow this summer.

"It will be hard on agribusiness people," Lounsberry said. "But the benefits will outweigh the disadvantages over the long run."

Because of the government's payment-in-kind (PIK) program and its potential for cutting production, prices already have improved.

Cash corn prices in north-central Iowa have moved up steadily, from \$2.17 a bushel the first of the year to \$2.63 last week. The sign-up ended March 11 but there was no official report on participation until late Tuesday.

Lounsberry, meanwhile, said that a rerun of this year's cropland set-aside probably will be needed next year to pare the nation's staggering corn surplus, which stood at 2 billion bushels at the start of this year.

The new program excludes soybeans, but includes wheat, rice, grain sorghum and cotton, as well as corn.

Here's a summary of the Iowa farm program participation as provided by the U.S. Department of Agriculture (USDA) in preliminary reports late Tuesday:

- Of Iowa's 14.9 million acres of corn land, 41.6 percent will not be planted to any harvestable crop. Thus, about 8.7 million acres will be devoted to growing corn, compared with 13.1 million planted in 1982. The balance was out of production under a government program that was far less generous — and far less popular — than the 1983 program.

- Nearly three-fourths of the eligible Iowa grain farmers have signed up in the 1983 farm program, in contrast with the 27 percent enrollment in the set-aside last year.

- The most popular option for farmers this year was the Reagan administration's PIK feature at the level of 10 to 30 percent idle, with bids to idle all of one's corn acreage the next most popular option among Iowa farmers. This is significant because it is more difficult for grain farmers to default on their farm program agreements in the case of payment-in-kind or whole-base options. As a result, most of the participants are likely to stick with the program.

- Iowa will look quite a bit different this summer because the 6.2 million acres normally planted to corn will be required to have a "conservation" cover of grasses, legumes, or crop residues. No harvesting will be permitted, but some late-season grazing will be allowed at the option of local farm program committees.

- No county-by-county figures for the sign-up were divulged. Iowa Agricultural Stabilization and Conservation Service (ASCS) officials reported this information was "not available," even though such information had been sent to the USDA from Iowa Saturday.

- The official sign-up for Iowa, at 41.6 percent of the cropland idled, compares with a 40 percent estimate by The Register in the Saturday editions following a survey of most ASCS offices in Iowa. In general, the USDA succeeded in keeping the national sign-up figures secret until the agency released them Tuesday. Nationally, it appears that 39.5 percent of the corn base will be idled, slightly less than the Iowa figure.

Here is a breakdown in participation in Iowa according to the three options available:

Basic cropland option: Farms enrolled had a grain base of 2.5 million acres, with 510,000 acres taken out of production and protected from soil erosion by a "conserving use" cover. This option involves a paid land diversion on 10 percent of a farm's base with another 10 percent idled to qualify for the basic cropland set-aside.

The 10 to 30 percent grain payment-in-kind option: Farms signed up normally would have grown corn on 7.4 million acres that were enrolled in this part of the program. Now these farmers will idle 3.5 million of those acres and protect them from erosion by a "conserving use" cover.

The whole-base bid option: These farms had a base of 2.2 million acres that will be taken out of grain production this year.

Wall Street Journal, March 23, 1983

Price-Support Program for Grain, Cotton Draws Extensive Response From Farmers

By Jeffrey H. Birnbaum
And Claudia Waterloo
Staff Reporters of The Wall Street Journal

WASHINGTON—Grain and cotton farmers have agreed to leave more than one-third of their land unseeded this year as part of the largest federal program in history to reduce surpluses and boost commodity prices.

Commodity analysts said they expected the extent of the participation in the federal program would raise prices for grain and possibly soybeans.

Federal officials expressed surprise at the overwhelming response by farmers. Under the so-called payment-in-kind program, the U.S. will "pay" farmers in grain and cotton to reduce their plantings in those commodities. Originally, the Agriculture Department had projected that 23 million acres would be idled under this plan. Figures released yesterday, however show that slightly more than twice that number, or 46.6 million acres, have been enrolled.

Farmers earlier agreed not to seed 35.7 million acres under a separate federal program that uses cash incentives to entice them to reduce plantings by 20%. Together with the payment-in-kind, or PIK, program, a total of 82.3 million acres, or 36% of the eligible acreage would go unplanted.

"The response was beyond my wildest expectations," Agriculture Secretary John Block told reporters. "Setting acreage aside isn't my cup of tea . . ., (but) we need a bold and effective program to deal with the massive oversupply situation."

Mr. Block predicted the price-support program will result in only "minimal" increases in consumer food bills, except for meat. Higher feed costs "eventually" will be reflected in meat prices, he said.

Even if there are major crop failures in the U.S. and in other major agricultural countries, he contended, the large cutbacks in production won't leave the U.S. short of food. As a result of bumper crops in recent years, the U.S. currently is carrying in bins about a half-year's supply of grain.

In Chicago, commodity analysts at the Chicago Board of Trade said they expected the Agriculture Department report would lift prices for grain and soybeans.

"The market is very charged up," said Alvaro Catao, a broker. "It's very emotional. Corn could open the limit up" of 10 cents a bushel today, compared with yesterday's closing price of $3.0075 on contracts specifying May delivery, said Mr. Catao, a broker for Frazier-Parrott, a unit of Heinold Commodities Inc.

Grain markets were quiet yesterday in advance of the report, which was issued after the close of trading. Wheat and corn prices were unchanged to slightly higher. Soybeans declined slightly. Prices however, had advanced in recent days in anticipation of the report.

Even though the government isn't offering a PIK program for soybeans, prices of that crop could benefit, Mr. Catao said. If corn prices continue to go up, farmers who didn't sign up for the price-support programs will probably plant more corn than soybeans," cutting soybean production, he said.

Depending on how much corn is planted by farmers who don't participte in the price-support programs, the board of trade analysts estimate that 57.2 million acres of corn would be planted this spring, several million acres more than indicated by the report. While that difference would limit how much the market goes up, analysts agreed that prices will rise nonetheless.

In New York, cotton prices fell as traders sold contracts to clear their positions before the report was issued. Prices have climbed by about eight cents a pound in the past month. Yesterday, cotton prices fell 0.92 cent to 73.8 cents a pound on the New York Cotton Exchange.

Analysts said many traders didn't want to be caught holding contracts in case the report indicated farmer participation was lower than expected.

Mr. Block said the government could have moved more slowly to reduce the "massive, back-breaking" surplus of farm goods by spreading the reductions over five years or so. But because of the depressed income that the surpluses have produced, "farmers don't have four or five years" to wait, he said.

The acreage-reduction program will create enormous changes in some farm areas. Huge Swaths of farmland will be covered with grass or put into other conservation uses to save the soil that is left unplanted. In some areas, nearly half of the available farm land will be idled in this way, and some entire farms will be taken out of production.

The short-term result will be sharply lower sales of farm supplies, such as equipment and fertilizer, hurting further some already-ailing agriculture-allied industries. But Mr. Block said he hopes the pullback eventually will stimulate commodity prices and help nudge the rural economy toward recovery.

Mr. Block declined to say how much taxpayer-purchased grain and cotton will be given away under the PIK program, but clearly the quantity will be sizable. In case there is need for more wheat than the government holds, provisions have been made to buy additional grain grown this year to pay farmers for idling land.

Mr. Block did forecast, though, that the corn and wheat crops this year will be trimmed considerably. The corn crop this year should fall to between six billion and 6.5 billion bushels, he said, from 8.4 billion bushels last year. The wheat crop, he added, will decline this year to about two billion bushels from 2.81 billion bushels last year.

In total, 1.2 million farms, or 52%, of the 2.3 million farms that were eligible signed up for one of the federal programs.

Canadian Province, March 27, 1983

U.S. rail rules catch B.C. firms

By MARK WILSON

B.C. forest companies shipping by rail to the U.S. are watching the scrapping of through rates covering delivery by two or more railways.

The progressive dismantling of government regulation of railway freight rates in the U.S. means that some B.C. shippers will have to conduct multiple negotiations in order to allow exports to be handed on from one railway system to another, instead of making a single payment for composite service.

John Trask, traffic manager with Canadian Forest Products Ltd., of Vancouver, forecast that by year end a number of B.C. forest companies will have signed shipper contracts with U.S. railways, probably committing guaranteed percentages of traffic to the carriers in return for reduced freight rates.

Trask said shippers such as Canfor may have to negotiate separately for segments of service in order to move goods to the U.S.

Typical of through rates currently in effect is a tariff applied on lumber moving from Chetwynd, B.C., to Tampa, Fla., via B.C. Railway, Canadian National Railways, Milwaukee Road and Norfolk Southern.

Trask said that in future BCR, CNR and CNR satellite Milwaukee may offer a single rate for their pooled services, while a shipper in Chetwynd will have to negotiate separately with Norfolk Southern.

Kenneth Cawkell, B.C. manager of freight sales and services with CNR, said that intermediate U.S. carriers who pass along traffic from one connecting railway to another are being very aggressive in their pricing to capture traffic which could move by other routes.

The U.S. Congress passed a railway de-regulation law, known as the Staggers Act, in 1980. This gives the Interstate Commerce Commission (ICC) the power to declare traffic free of controls, as it wishes.

In anticipation of passage of the act, the ICC freed fruits and vegetables from regulation, allowing carriers to set charges at will and impose them immediately, without serving notice on the ICC. Normally, a 30-day delay is required before implementation of rate changes.

In 1981, the ICC freed piggyback traffic (highway trailers on flat cars) from rating regulation and this year plans to exempt export coal shipments and all boxcar traffic from regulation.

Boxcars make up one-eighth of the total U.S. freight car fleet of 1.6 million vehicles, and are used by the forest industry in the U.S. to move lumber, pulp and paper.

The bulk of primary and semi-manufactured forest products move by flat car or chip car. This traffic is still subject to rate regulation.

Gary Schlaeger, senior assistant vice-president of forest products with Burlington Northern Inc., said that the de-regulation of boxcar traffic will create a demand that all forest products be freed from regulation.

Even if total de-regulation is allowed on forest products, it is likely that B.C. shippers will seek to regularize their relations with U.S. carriers by entering into shipping contracts, instead of seeking to negotiate an individual rate for every single shipment.

Filing requirements are not rigorous

The Staggers Act allows shippers and carriers to sign shipping contracts covering all types of traffic. With the exception of those contracts concerning commodities currently exempted from rate regulations, such agreements have to be filed with the ICC for public inspection.

However, filing requirements are not rigorous. The railways do not have to disclose traffic volumes or dollar charges.

Trask said that 3,000 such contracts had been filed with the ICC by November, 1982.

There are four kinds of basic contracts. What is known as an allowance contract is the type favored by intermediate carriers. It grants a discount in order to capture traffic that could travel by another routing. The shipper promises, in return, to give all or a set percentage of his traffic to the contracting railway.

A rate volume contract covers internal movements between specified points on a single railway system, such as that of BN. Again, a traffic commitment by the shipper is required.

A surcharge contract covers the provision of special services, such as the supply of non-standard railway cars.

The fourth type of agreement is known as a percentage contract. It acknowledges that some shippers have fluctuating traffic needs. Instead of asking for a volume commitment, it requires the customer to give the railway a percentage of his production.

Schlaeger said that contracts have been long been accepted in Canada under the name of agreed charges. The chief difference in practice between the two countries is that Canada calls for disclosure of freight rates agreed between shippers and carriers.

Trask said that he believes branch-line abandonments in the U.S. will lead increasingly to B.C. shippers concentrating on key distribution centres.

"I think shippers will use high-volume railway cars to move lumber to, say, Dallas, and then distribute from there by truck," said Trask.

The best bargains may be offered by those U.S. railways with lines stretching from international border points to main distribution centres.

U.S. rail rules catch B.C. firms - Concluded

BN, for example, has introduced a new "single-line" tariff for lumber shipped on its rails from Vancouver to Texas. Mills in the Vancouver area directly served by BN are now quoted a rate $18 a thousand board feet cheaper than that offered competing mills not on BN trackage. Previously, BN equalized charges to all mills in the Vancouver area.

Cawkell said that Canadian carriers may shelter the B.C. shipper from fragmentation of the U.S. rail industry. CNR and CP Rail may accept the chore of negotiating with U.S. railways in order to present the B.C. shipper with a composite tariff. "We would do it in order to retain control over routings and over our rolling stock," he said. "We don't want our cars wandering all over the place."

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Debt Programs Aired By Milwaukee Road

Journal of Commerce Staff

CHICAGO — Milwaukee Road trustee Richard Ogilvie announced programs Friday to clear up two items of debt.

Mr. Ogilvie said he reached an understanding with indenture trustees representing most of the bankrupt railroad's bondholders on the amounts and timing of payments to satisfy bondholders' claims against the railroad's estate.

The trustee also said he received reorganization court authority to implement a voluntary program designed to settle certain outstanding pre-bankruptcy personal to settle certain outstanding pre-bankruptcy personal injury and death claims against the carrier at 90 percent of principal amount.

An amended plan of reorganization, which will include the two new programs, will be filed on March 31, Mr. Ogilvie said.

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Low-Sulfur

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By KEVIN COMMINS
Journal of Commerce Staff

CHICAGO — A large coal deposit containing coal with potentially low-to-moderate sulfur levels has been discovered in southern Illinois.

The find, made by the state Geological Survey, is expected to stimulate additional exploration for low-sulfur coal in Illinois, according to Russell Jacobson, a geologist with the survey.

Illinois has the nation's largest bituminous coal reserves, however, much of the coal is unmarketable because of its high sulfur content.

The newly-discovered deposit consists of about 480 million tons of deep-minable coal and 160 million tons of surface-minable coal, Mr. Jacobson said. An estimated 30 million tons has a low-to-moderate sulfur content — containing less than 2.5 percent sulfur by weight.

A block of about 50 million tons of coal is generally needed to develop a commercially viable underground mine in Illinois, Mr. Jacobson explained.

Nonetheless, the find represents an important step in developing low-sulfur coal production in Illinois, the geologist claimed.

Mr. Jacobson said geologists have determined that much of "the sulfur in Illinois coal is of marine origin and that much of the shales deposited on the top of the coal by fresh waters protected the coal from subsequent additions of sulfur."

Using this idea, he searched for areas north of a known low-sulfur coal deposit where, he believed, the coal was covered by non-marine shales.

Eventually, he found a promising site in Jackson and Perry Counties. Drilling in the area confirmed the presence of low-sulfur coal.

Although there are more than 75 coal seams in the Illinois Basin coal field, most of the coal mined in the state comes from the Herrin and Springfield seams.