

Railroads chug out of woods

After 20 years of ills for industry

By Jim MacLaughlin
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BILLERICA — The freight-carrying railroad industry is showing signs of overcoming two decades of ills that drove some lines, like the Boston and Maine, into bankruptcy.

Carrying 36 percent of the nation's tonnage — more than any other mode of transportation — the railroad industry has been beset with problems and skimpy profits for the last 25 years.

Now a record volume of freight is being shipped via rail, and earnings are rising sharply. In the first six months of 1979, net industry profits were \$435 million, versus \$145 a year earlier.

"In the first 21 days of August we shipped over 16,000 carloads of freight," said William Rennie, assistant to the president of the Boston and Maine Railroad. "That's compared to over 14,000 during the same period in 1978."

Although cautious in his optimism, Rennie said, "All in all, we are beginning to see the tip of a fairly hefty resurgence in railroad freight."

Little by little, the ills that have plagued railroads seem to be dwindling. John Reed, chairman of the Santa Fe Railway, notes that sharply higher diesel fuel costs are giving railroads a big price advantage over trucking.

The Interstate Commerce Commission this year granted rate increases totaling 3.6 percent to railroads while truckers received a 9 percent surcharge.

"When the independent truckers went on strike this summer, a lot of shippers started looking at railroads seriously

again," said Reed. "I think many of them are going to like what they see."

"A lot of business from gypsy truckers have shifted back to the railroads," agreed Rennie, who also pointed out that the piggy-back traffic (carrying loaded trailers on railroad cars) has doubled on the B and M in the last year.

While the Billerica-based railroad lost 40,000 carloads of business a year since 1974, "when the railroads were in a real bind," Rennie said the B and M "is making up that business by getting into other areas of freight."

Among those other areas is a 36-40 percent increase in goods being shipped via

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B&M spokesman William Rennie

rail from a consolidated warehouse in Lawrence. Also bulk commodities, plastics and cement are "really booming," according to Rennie.

And to meet this increase in freight and revenue, the Boston and Maine will spend \$26 million on their main line from Billerica to Albany, N.Y., and "by 1981 we will have rebuilt the line from Boston to Portland (Maine), which runs through Lawrence."

Also contributing to the recent resurgence of railroads has been the oil shortage that returned the nation's attention to coal and boosted the profits of over a

dozen rail lines.

The boom in shipments of Western coal has broadened the traffic base of many railroads and made them less recession prone. From negligible amounts in the 1960's, coal currently accounts for 44 percent of the tonnage now being carried on the Burlington Northern. Though BM is the biggest coal hauler in the West, a dozen other railroads are getting a share of the this new business, too.

The Boston and Maine expects to be one of those railroads.

Rennie said a Holyoke power company that burned coal in the 1960's, "is looking at a shift back to coal that could mean 100 cars a week" for the railroad. And the paper mills in Maine and New Hampshire are also expected to return to the use of coal, according to the assistant.

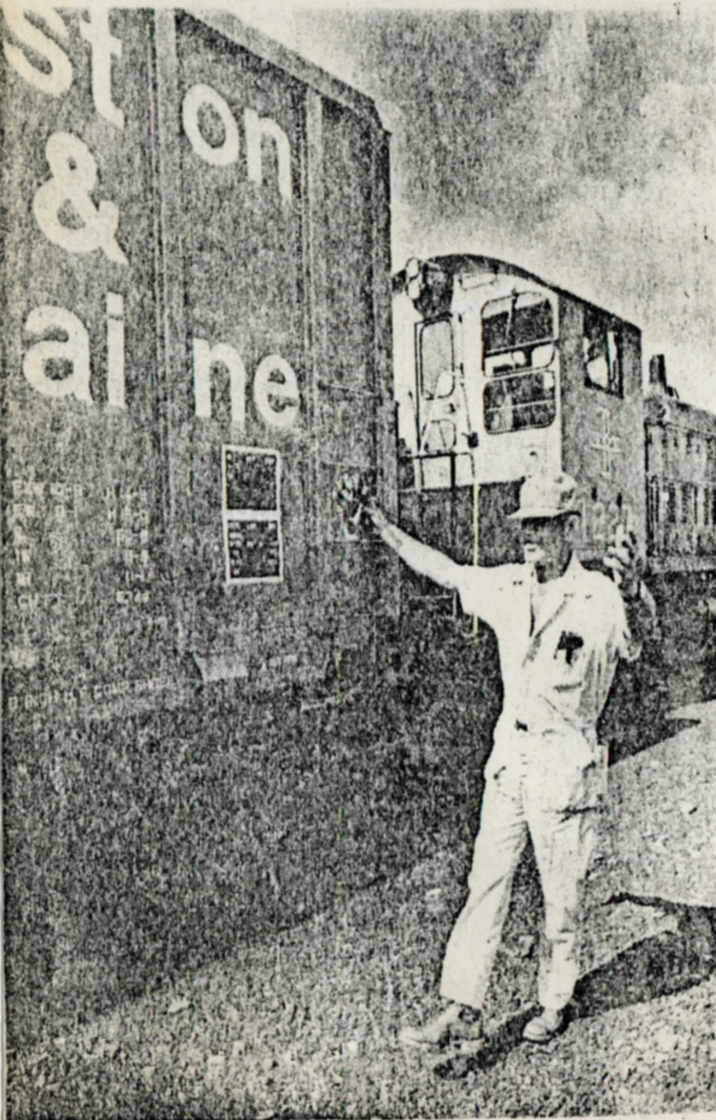
But not all signs are positive.

The declining production of automobiles — ironically, also caused by the oil shortage — is affecting the high-profit auto-parts traffic.

"That's a big piece of our business," says Edward Jordan, chairman of Conrail. And as steel makers feel the pinch, shipments of coking coal and raw and finished steel products will drop.

And Rennie points out that while railroads pay 28 cents out of every dollar to maintain their right-of-way, trucks pay only 5 cents out of every dollar in road use taxes.

"We are nowhere over the hump," added Rennie, "but last year we lost \$300,000 compared to the \$2.5 million we lost over the same period the year before."



Eagle-Tribune photo by Bryan Eaton