Canadian National should operate abandoned rail lines or move out of the way of interested rail operators

Jobs and economic development inhibited by lack of rail service

To a few ATV or snowmobile enthusiasts, a rail line may appear to be a great opportunity to yank the line and replace it with an "off-road highway." Most prefer picturesque paths through the woods, especially with the beauty of Wisconsin's Northwoods.

To local industry seeking to bring raw materials to their plant or ship their products to market, rail lines are a crucial link to economic stability, especially with rising costs of diesel. Some shrewd trucking firms, such as those that ship logs, find it more economical to use more short runs to a rail siding rather than expensive long runs to mills.

When Canadian National Railway (CN), based in Montreal, Quebec, Canada acquired the assets of Wisconsin Central Transportation Company in 2001 in a deal worth $1.2 billion, then CN Chairman and CEO told the Chicago Tribune that Canadian National would not rush to make changes in Wisconsin Central operations.

"We learned a lot from the big mistakes of the big railroads that began to downsize and shift dispatching operations," he said at the time, in reference to the service meltdown after Union Pacific acquired Southern Pacific Railroad in 1996.

Despite this promise, CN has made significant changes since acquiring the Wisconsin Central line; including closing all rail service between Rhinelander and Goodman. This is hampering economic development throughout Northern Wisconsin and Michigan's Upper Peninsula.

Shortly after CN acquired operations from Wisconsin Central, Jack Sroka, current executive director for Lincoln County Economic Development Corporation, forecast in a meeting with rail customers, economic development practitioners and CN's head of US Operations, that "...prices would go up, service will go down and CN will seek to abandon short line service." That prognosis has been fulfilled.

Recently, Sauk County and UW Extension collaborated on an economic impact analysis of the Madison to Reedsburg rail line, which in Sauk County includes the 22 mile section from Merrimac to Reedsburg. 70% of the rail users indicated rail was important or very important to their business; half indicated that it would be difficult or very difficult to switch from rail to truck. Comments in the survey included "it would raise costs $300,000 to $400,000 per year" to "It would increase costs 15-20%, but we are physically able to truck." Loss of that line in a conservative scenario was the loss of over 2,700 jobs and over $150 million in labor income loss.

The information from the Sauk County Analysis clearly outlines the economic stress suffered by local businesses that were previously served by the line now owned by CN.

At a meeting of the Northwoods Rail Transit Commission on March 27, a sales manager for CN stated "there is currently no business on the line between Rhinelander and Goodman." CN has developed a self-fulfilling prophecy—take away service and naturally business DOES cease to exist! It is also very clear that there are potential customers along the line that are very interested in reliable, safe, and efficient rail service.

Back in 2006 there was quite a stir when it was announced that Dubai was purchasing six US seaports. This sale was later stopped, but it points out the core of the problem—CN is a foreign firm, pumping in imported products to the US. American job sustainability and creation is being inhibited.

The solution is simple, although CN's Director of Government Affairs Kevin Soucie refused to answer when asked—CN should either restore service on the line or get out of the way, and turn line service over to one of the short-line operators that are now offering to provide the region with reliable, efficient, and safe rail service.

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