

# MARK WESTBY COMPANY

## Trains or Trucks?

I don't often write about railcar or intermodal trends. We don't offer either service but do study them as they are obviously tied to whatever is happening in trucking. Just last week, US News & World Report published an article that included a story of grain elevators being so full that farmers had no place to store or sell their crops. Several customers of ours in the food business are paying to truck their goods at a price higher than their value. There is simply very limited rail capacity in many parts of the country. That seems to be particularly true in the western agricultural areas where farmers and ethanol producers face cutting production.

Federal regulators are apparently looking into the situation and are scheduling hearings for later this month. I am sure they will find some intelligent answers and come up with some very innovative, government solutions. Give me a break!

Those in the industry including shippers and labor groups maintain that this was all caused by the railroads shedding close to 30 percent of their workforce over recent years as they searched for more lean operations. Locomotives are the most labor-intensive, so the length of the trains were extended, engineers were given early retirement and the locomotives were put into storage. One intermodal train carries the equivalent of 280 truckloads. That is typically a bragging point railroad groups use to boast about trains being more efficient than trucks. However, one less train than needed dumps 280 loads into an already hot trucking spot market.

While asking their customers to voluntarily cut back on their needs, railroad executives are promising, "Things will get better soon." They are offering \$5,000 sign-on bonuses to try to attract workers. The locomotives are coming out of storage. They do admit that training new employees is going to take time. We sure hope so!

In 1997, Kevin Costner directed and starred in the movie "The Postman." The setting is a post-apocalyptic world where all technology has been lost. Costner plays the part of a drifter with a troubled past who stumbles upon a postal carrier uniform. He wears it while riding his horse from one makeshift town to another delivering mail. People are starving for any kind of news. Believing he's a real government employee, they ask for information. To inspire hope, Costner's character starts telling the crowds, "Stuff is getting better." He had no real knowledge or facts, but the crowds ate it up. I have been thinking a lot about that movie the past year or so as we keep being told things will get better.

Stay safe,  
Mark

