

Origin of the Upper Great Plains Transportation Institute

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Plans for The Upper Great Plains Transportation Institute developed as a result of the experiences of many North Dakota organizations and individuals who in 1964 and early 1965 participated in a successful effort that led to a reduction in rail rates on wheat for export to West Coast destinations.

Working with the State Wheat Commissions, the U. S. Department of Agriculture (USDA) recognized a strong potential for Hard Northern Spring (HNS) wheat sales in oriental markets. USDA studies indicated that an export rail rate of 70 cents per hundredweight would be required before HNS wheat producers could compete in that market without federal subsidies. Producer groups realized that in the long run, a market dependent on federal subsidies could not become a stable market. The rate on HNS wheat was then \$1.34 per hundredweight. Wheat had never moved West under this rate.

Rail carriers had their own set of problems if they attempted to respond to rate needs of the shippers. Grain shipments had always moved to the Twin Cities, and rates had always been based on distance from the market. The longer the haul to market, the greater the shipping cost. This worked well and market relationships had formed with this pattern of distribution. Rail carriers took the position that providing a special rate to the West Coast would seriously affect movements throughout the entire rail system. As Vince Brown, Vice President of the Great Northern Railroad was often heard to say, "The rate structure is like a bed sheet, you pull on one corner and the whole sheet changes position."

An equally difficult problem was faced by the grain trade. If shipments were to move directly from the shipping point to the West Coast, and if miles traveled were used as the rate basis, the closer the shipping point to the West Coast, the greater the advantage to ship to the market. The HNS wheat production area does not produce a uniform quality product. Generally it is found that the further west HNS wheat is produced, the greater the protein content. Thus, if the rate were to be applied to miles traveled, the higher protein wheat would have a rate advantage to the West Coast. Without going into all the problems this would create, let it suffice to say that the orderly marketing of HNS wheat would be seriously impacted.

Once it was determined that the rate barrier had to be solved, the North Dakota and Montana State Wheat Commissions, assisted by USDA, began an effort to educate the public on the market potential. Organizational support was enlisted to encourage rail carriers to provide a rate structure to the West Coast that would place HNS wheat producers in a competitive position to sell their wheat in the oriental markets. Among the North Dakota organizations that became involved were the North Dakota Public Service Commission, North Dakota State University, the Greater North Dakota Association (GNDA), the N. D. Farm Bureau, the N. D. Farmers Union, and rate specialists from the Fargo and Grand Forks Chambers of Commerce. Cliff Pulvermacher, a representative of USDA, was on call to fly from Washington at any time and to any place to assist the effort. Cliff became a true friend and inspiration to all that knew and worked with him — and was missed when he went on to other duties.

After months of effort, during which time it became increasingly easy to become discouraged, a rate was suddenly announced in February 1965 by the North Dakota Rail Carriers. The rate they

devised proved difficult to sell to some producers, but was truly an innovation in ratemaking — and it worked. The rate served the needs of the potential market while preserving the existing market structure. The rate on West Coast shipments actually increased from East to West. The objective was to remove freight cost as an incentive to ship one direction or the other and, thus, let product price determine the direction to be shipped.

During the six months following implementation of the new rate structure, 30 million bushels of HNS wheat moved into the oriental market. Following these movements west, Vince Brown commented that the reduction had not only been good for producers, but that it had been pretty good for the Great Northern Railroad as well.

It was during the many months leading up to the announcement of the rate reduction that Dr. David Nelson, a member of the teaching staff in the Agricultural Economics Department at NDSU, and I as a GNDA staff member, developed a close working relationship as well as a mutual respect and friendship. Dr. Nelson had a strong educational background in the transportation field where he had done considerable research.

By the time the rail lines announced the rate, it was apparent that without the resources of the Department of Agriculture the rate reduction effort likely would not have been successful. Little research focusing on transportation in the upper great plains had been done and there was no effective way of initiating it in the short run. It was realized that representing North Dakota's interests in transportation issues required a database generated from our own research resources.

From the rate experience grew the dream and then the concept of establishing a transportation institute at North Dakota State University. It would require authorization from the North Dakota Legislature.

In December 1964, Dr. Nelson received a letter from Fred Brandt, Director of the North Dakota Economic Development Commission. The letter listed five possible approaches to alleviate freight rate problems in the state of North Dakota.

Dr. Nelson responded with what became a four page proposal to establish a transportation institute at the “state’s land grant institution” (NDSU). Dr. Nelson copied the proposal to Hoy Richards, research economist with the Texas Transportation Institute. Responding to the proposal, Hoy Richards suggested in a letter to Fred Brandt; “Do not name the institute the North Dakota Transportation Institute. There are several good reasons for having a regional title. This allows you to start with a title that will, within two years, be descriptive of your activities.” Experience proved Richards’ advice to be prophetic of what the institute could and would become. It was decided that the area approach defined as the Upper Great Plains more broadly defined North Dakota’s area of common interest.

The basic outline for the bill that would be introduced in the North Dakota Legislature was taken from the language used in legislation establishing the Texas Transportation Institute. The Texas Institute was established within the College of Engineering at Texas A & M University. Our bill draft , however, proposed to establish the Institute as a separate entity within North Dakota State University in order to provide greater freedom to draw from and work with all departments in the University.

My position with the Greater North Dakota Association included representing the Association during legislative sessions and providing a service to subscribers by publishing a weekly report of the status of all bills and resolutions introduced. I held these same responsibilities during the '65 Session. This, together with my experience of serving one term as a member of the House of Representatives, provided me with a knowledge of how the Legislature worked and the advantage of having served with many who were still members.

During the months leading up to North Dakota's 40th legislative session scheduled to convene in January 1967, I worked through GNDA's Tax & Economic Research Committee to inform and gain approval from GNDA's Board to seek a sponsor, or sponsors, willing to introduce a bill in the '67 Session that would provide for the establishment of a transportation institute at North Dakota State University.

Believing that the House of Representatives would provide the greatest challenge to gaining bill passage, it was decided to seek a sponsor willing to introduce the bill in the Senate. This would provide time to gain the support of other organizations and individuals before the bill, if approved by the Senate, reached the House. Senator Richard Goldberg not only agreed to sponsor the bill but succeeded in gaining the support of nine other senators as co-sponsors. It seemed we were off to a great start, and following its introduction, the bill became SB 319, and was assigned to the Senate Transportation Committee.

It was interesting to review the record and note that when the committee hearing for SB 319 was held before the Senate Transportation Committee only four people — Walton Russell, chairman of GNDA's Tax & Economic Research Committee; Fred Brandt, director of the North Dakota Economic

Development Commission; Dr. David Nelson, assistant professor, NDSU; and Charles Herman, GNDA — testified for the bill. We would need a broader base of support before SB 319 reached the House.

What turned out to be a critical decision was made while SB 319 was being considered by the Senate committee. The Bill was amended to provide for a 10-member advisory council to the Institute. Ten organizations representing agriculture, business, two state agencies, motor carriers and rail lines were each to name a member of the advisory council. During the next few weeks, many of the interest groups to be represented on the Council provided us with a respected and influential support group. The last 30 years has proven the Council to be one of the keys to the Institute's success.

Following the Senate Transportation Committee hearing, the committee voted to return SB 319 to the Senate with a recommended DO PASS.

SB 319 was returned to the Senate floor on a Monday, which also happened to be the last day that bills could be introduced for consideration during the current session. I can't recall the number of bills introduced in the two Houses of the Legislature that day, but it was likely between 300 and 400. As responsible person for the publication of the Legislative Reporting Service, it meant that I, during the next 12 hours, had to go through each bill in order to understand it enough to write a one line description of its content. Our report had to be ready to place on the train at 10:00 p.m. Thursday night. I do recall that the report was 92 pages long. This was all done with a mimeograph, which by today's standards was a pretty archaic way of printing. I told Senator Goldberg that due to the Reporting Service workload, I would not be able to get back to the Senate floor until Friday. In response to my request, he said he would call me if any problems developed.

I returned to the Capitol on Friday and found that on Tuesday the Senate upon a voice vote, had returned SB 319 to the Transportation Committee where all language after A BILL had been struck and replaced with language calling for a two-year study. Historically, this has always been an effective way to kill a bill. The amended SB 319 had already been reported back to the Senate with a recommended DO PASS. It would be voted on the following Monday.

Visiting with Senator Goldberg, I found that someone had presented himself to Senate members as representing GNDA and was able to convince the Committee members and other members of the Senate, that SB 319 as introduced was not supported by GNDA, and that I did not have Board authority to have SB 319 introduced or act for GNDA to encourage its passage.

As I recall, I phoned Senator Goldberg over the weekend and arranged to meet with him on Monday morning. Fortunately his trust in me prevailed and that afternoon he successfully moved that SB 319 be returned once more to the Transportation Committee where the original language was restored and SB 319 was sent back to the Senate with a recommended DO PASS. SB 319 passed the Senate that same week and was sent to the House of Representatives.

I never learned why the effort was made to sabotage SB 319 in the Senate. Many suspected rail carriers, but I know this not to be true. Although I frequently saw the individual responsible for attempting to turn SB 319 into a study, I never discussed the incident with him.

SB 319 was referred to the House Transportation Committee. By the time a hearing was scheduled, we were prepared. Represented and testifying for SB 319 were Dr. Laurel Loftsgard, Vice President of NDSU; Bruce Hagen, member of the N.D. Public Service Commission; Walton Russell, Mandan Creamery; Lloyd Hanson, Grain Dealers Association; Harold Vavra, N.D. Aeronautic

Commission; Oscar Nord, N.D. Farm Bureau; Robert Sanders, N.D. Farmer's Union; and Vic Horn, N.D. Livestock Industries. Appearing against SB 319 was Dorothy Martin, John Birch Society. The House Committee voted for a recommended DO PASS. After reviewing the committee vote —11-yes, 6-no — it was evident the House was not going to be easy.

Representative Leonard Davis was named to carry (explain) SB 319 on the floor of the House. Representative Davis was a well respected legislator and rancher from Killdeer and a nice man. Everyone liked him. Listening to his presentation, I realized that part of his statement was incorrect. Following his remarks the vote was taken and SB 319 passed by a slim 8 votes. The CLINCHER motion, a common practice after a close vote, was moved and passed. This meant that a two-thirds vote was required to reconsider SB 319 if reconsideration was attempted.

I knew I had to tell Representative Davis that part of his statement was incorrect and that he would ask for the House floor to apologize. So after telling Leonard what had happened, I asked if he would give me a half hour before he asked for the floor. He agreed to do so.

Frenchie Montplaisir, GNDA's Western Membership Director, had assisted me and my predecessor during Legislative sessions. Over time, Frenchie had developed close friendships with legislative employees, including those responsible for the operational duties of the House and Senate. I asked Frenchie if he could quickly get SB 319 messaged (returned) back to the Senate. He thought it might be possible.

I walked over to the Senate and sent a message to Senator Goldberg asking him to meet me behind the rail — non-members are not permitted on the floor while the Senate is in session. When we met I told Senator Goldberg what was happening. I was sure that if Frenchie was successful in getting

SB 319 messaged back to the Senate and if a motion was made in the House to reconsider SB 319, the Senate would be requested by the House to return SB 319. Senator Goldberg said that if return of SB 319 was requested by the House, he would move that SB 319 not be returned. While I was still in the Senate with Senator Goldberg, we heard the announcement that together with other bills, the House was returning SB 319 to the Senate. Frenchie had gotten the job done. I returned to the House and thanked Representative Davis for waiting and suggested he go ahead and ask for the floor.

As suspected, as soon as Representative Davis finished his apology, the motion was made to reconsider SB 319. There was a stir at the speakers platform and finally, after some paper shuffling, it was announced that SB 319 had been returned to the Senate. The motion we had expected was then made and the House asked the Senate for the return of SB 319 to the House.

I was back in the Senate when the announcement requesting return of SB 319 to the House was made by the messenger from the House. Following the announcement, Senator Goldberg, as promised, moved that the Senate not return SB 319. The motion carried on a voice vote. There was, however, a chance that the vote could be reconsidered. It was important that SB 319 be sent to Governor Guy for his signature as soon as possible, as he had indicated that he would sign.

Following passage by both houses, SB 319 had to be sent to Enrolling and Engrossing where it would be retyped in its final form as passed by both houses. A final page would be added at this time listing the final votes in both houses, then returned to the Senate for the signature of the Lt. Governor, and to the House for the signature of the Speaker of the House.

It was now mid-afternoon. Frenchie was needed again. I asked if he thought this could be completed before the end of the day. This would be an extraordinary accomplishment if he could do it.

He reported back that it might possibly be completed that afternoon, but not before the Governor's office closed for the day. I went to the Governor's office and talked to Lloyd Omdahl, assistant to the Governor. Mr. Omdahl suggested that I call him at home in the event the office was closed when SB 319 was ready to be delivered to the Governor. He volunteered to return and open the office in order to accept the bill. Very late that afternoon SB 319 was placed in Mr. Omdahl's hands.

It had been a good day.

There were so many that helped make the Institute possible. Those who were bill sponsors, those who voted for SB 319, those who spoke for the bill on the floor and in committee, and the president and board of GNDA who supported me when challenged.

Particular thanks must go to Hoy Richards of the Texas Transportation Institute, Fred Brandt, Bruce Hagen, Senator Richard Goldberg, Representatives Leonard Davis and Bob Reimers, Frenchie Montplaisir, the employees of the House and Senate, and to Governor William L. Guy for his encouragement and support.

Finally, singular and special credit must go to Dr. David Nelson who spawned, nurtured and relentlessly pursued (as only David can) the idea of establishing a Transportation Institute at North Dakota State University.