

PITTSBURGH TRIBUNE-REVIEW Editorial

Posner punts

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Henry Posner III is a cockeyed capitalist optimist. He is chairman of Pittsburgh-based Railroad Development Corp.

In places where the concepts of contractual obligations, property rights and sound business management are worse off than the rolling stock, he's a railroad buff who doesn't just ride the trains. He runs them. RDC has railroad ventures in Guatemala, Argentina, Peru, Malawi and Mozambique.

A decade ago, RDC won a government concession to reopen Guatemala's defunct railroad, the only one. Mr. Posner invested \$15 million and received a 200-mile stretch from Guatemala City to the Caribbean -- but not the more commercially important line to the Pacific.

The government has not been cooperative. It won't toss squatters (for political reasons) and turn over rents from railroad property. It has not moved forward with using railroad rights of way for utility distribution. Scrap-metal thieves decimate the rail lines.

Legal disputes with the government grew so rancorous that it moved to seize the railroad's decrepit assets as "cultural patrimony."

Posner says he is shutting down at the beginning of October. But he is suing for compensation under the Central American Free Trade Agreement, which forbids expropriation of foreign assets.

This is a capsule of why the Third World, which desperately needs cockeyed capitalist optimists, remains the Third World.

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