What's at stake in U.S. railroad strike

by Pamela Lowry

After working for more than three years without a contract, 235,000 members of America's railroad unions went on strike April 17 against their employers' freight operations. Following a pre-set scenario, the railroad companies then shut down all operations, even though their managers had been trained to continue essential functions under such conditions. In its turn, Congress immediately drafted legislation to provide for yet another cooling-off period and a possible second Presidential Emergency Board to settle outstanding issues. George Bush signed the back-to-work order early on April 18.

The tone for this depression-style conflict of labor versus management was set when the railroad companies hired the law firm of Lewis, Morgan, and Bokius. This is the same firm that advised Transportation Secretary Drew Lewis during the 1981 strike that devastated the Professional Air Traffic Controllers Organization. Not surprisingly, the law firm is reported to have counseled the carriers to take a tough stand, especially on the biggest bone of contention with the unions—cutting jobs and easing work rules.

Partisans of the railroad companies admit that a large reduction of the railroad work force has already been accomplished. Since 1980, some 200,000 high-paid union jobs have been eliminated, largely through selling off unprofitable routes to non-union carriers, and through direct buy-outs of workers at up to $75,000 a head. Yet the companies claim that they must reduce the size of work crews further in order to increase worker "productivity" and to make the railroads more "competitive" against the trucking industry, which is presently lobbying Congress to allow heavier, longer trucks on the nation's highways. One of the railroad companies' worst fears is that they would lose high-value manufactured goods such as autos to the trucking industry, and be left with only bulk commodities such as coal, grain, and timber.

The unions, on the other hand, maintain that the Jan. 15 recommendations by the Presidential Emergency Board (PEB) contain a wage package which represents, after adjustment for inflation, a 16% decline in buying power over the life of the contract. And although the unions have agreed in principle to partially pay for their members' health care, the PEB report suggests that the unions' share of medical costs be paid out of lump-sum and cost-of-living payments which will be made to their members if a new contract is ratified. Thus, supposed wage gains would be transferred to medical payments, the cost of which union members have never before had to bear.

Railroad companies have generally been pleased with the PEB recommendations, because they give the companies their desired reductions in crew size and stepped-up productivity without requiring them to pay a huge wage increase. The companies are looking to the Bush Democrats in Congress to impose a settlement that will likely give them more than they could possibly obtain at the bargaining table. And, they appear to have President Bush and Transportation Secretary Samuel Skinner on their side as well. At a speech to the Town Council of California a week before the last cooling-off period expired, Skinner admitted that the White House had already approached some congressmen with the idea of preempting a strike. The legislation proposed by the administration would have imposed the PEB proposals, favored by the railroad industry, on labor and management alike. Congress, however, demurred, preferring to wait for a strike before preparing such legislation.

Another excuse for the depression?

Both Skinner and Bush made statements before the strike implying that any work stoppage by the unions would jeopardize the impending economic "recovery." At a meeting at the White House, Bush told the Associated General Contractors that the "strike that looms right after midnight could severely disrupt the economy, just as the economy in our view is trying to turn around and get out of this recession." Skinner stated, "I am not guilty of exaggeration when I tell you that at least one of the Big Three automobile companies' future depends on whether we have a strike."

A long strike could further damage the U.S. economy, but, ironically, a short strike would have little effect, precisely because of the enfeebled state of the economy. Not only have major shippers taken precautions and major receivers stockpiled inventory, but a *Journal of Commerce* survey of economists and consultants revealed that with many industries already operating at less than capacity, a railroad strike carries fewer negative effects. "A three-day strike would have negligible effect as far as the U.S. economy is concerned," said Drew Robertson of Atlantic Systems Inc. "The demand for transportation is very low right now, which means capacity is high."

While the railroad unions fight to maintain a shrinking work force and pay scale, and the carriers fight for any method to increase profits from the dilapidated transportation network, the Bush administration and Congress have studiously avoided raising proposals which would modernize the U.S. transportation grid through high-speed rail networks and the new technology of magnetic levitation vehicles. It is the upgrading of transportation infrastructure which could provide a common interest between labor and management.