US railroads demand concessions from 145,000 workers

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Major US freight railroads terminated long drawn-out contract negotiations with rail unions last month and invoked provisions for federal mediation. The railroads leading the contract talks are demanding that workers pay more for health care, accept minimal raises and agree to new concessions on working conditions.

The contract negotiation covers 145,000 employees in 11 unions, the largest of which are the United Transportation Union (UTU/SMART), Brotherhood of Locomotive Engineers and Trainmen (BLET), and Brotherhood of Maintenance of Way Employees (BMWED). Representatives from most of the largest US railroads—Union Pacific, Burlington Northern Santa Fe, Norfolk Southern, Kansas City Southern, and CSX—form the National Carrier's Conference Committee (NCCC), which carries out the negotiations. Additional railroads and employees are covered or influenced by the contract, which sets the standard for the industry.

Negotiations began two years ago and agreements expired on December 31, 2015, but rail workers continue to labor under the previous contract. The railroads appear to be biding their time until the Trump administration takes office, a factor they apparently see working to their advantage.

Typical of railroad management's attitude is a December 15 statement that declares, "Now is not the time for excessive demands. Railroad employees are among the most highly compensated in the nation." That leads to a link describing compensation that is full of misleading data. That wages surpassed the inflation rate in the last 10 years is presented as an outrage. The wages that the railroad bosses decry often come from working far more than 40 hours a week, in potentially extreme circumstances.

Most egregious, perhaps, is the bulleted statement claiming that workers enjoy "11 national holidays and three weeks of vacation each year." Railroads operate on nearly every major national holiday, and have strict "absenteeism" policies that penalize what they consider excessive time off. Notoriously, there is no schedule for operating employees, and they often work 12-hour shifts, longer if travel time is included, and are frequently away from home. A common challenge faced by many railroad workers is being forced to miss family events, holidays, and even funerals.

Presently, employees pay at least $229 a month for health coverage, but the railroads are insisting that this is "below average" and must rise. The BMWED notes that it offered "savings" in health care that do not cost any railway worker or the railroads any money, raising the question of whether the unions are proposing lower-quality health plans for workers. Nevertheless, the railroads rejected that proposal.

The railroads have welcomed the intervention of the National Mediation Board, a federal agency that coordinates labor-management relations. Its three members consist of two Democrats and one Republican, and membership will likely change with the new administration.

The Railway Labor Act of 1926 was designed to prevent any possibility of a railroad strike. Whenever the mediation board declares an impasse in the negotiations—which could take months or even years—a 30-day cooling off period begins, during which negotiations continue. After that period, railroads could lock out employees, or unions could call a strike, unless the president authorizes a Presidential Emergency Board. The unions, tied to the Democratic Party, entirely accept this framework, so that even as negotiations have progressed, railroads have been able to impose cuts without opposition.

For their part, the major railroad unions are concerned that the huge concessions demanded by railroads could spark a rebellion by workers. Dennis Pierce, the national president of the BLET, writes that “the level of concessions that were demanded on our health and welfare benefits [are] way beyond anything rail unions have seen in decades” and that the low wage increases would not even cover increased health care costs.

The rail unions have overseen decades of concessions and a dramatic drop in railroad employment (from 1.5 million in 1947 to less than 250,000 today.) The two crewmembers in the cab of a freight train are split between two unions, the BLET and the UTU/SMART, which have a history of working with the railroads to gain an edge by offering concessions.

In 1994, the BLET asked engineers to cross the UTU (conductors) picket line at Soo Line railroad. Some 98 percent of the engineers refused to do so

In 2014, the UTU/SMART tried to push through a contract accepting one-man operation. Under the deal, the conductors were to be removed from the train cabs and assigned instead to cover extensive territories, driving by auto from location to location. The agreement would have vastly reduced the number of conductors. The workers rejected the proposal, voting it down. Whether the railroads are pushing one-person or even crewless trains in this round of negotiations has not been stated, but it is highly likely.

As certain traffic (particularly coal and oil) fell off over the last two years, many railroads imposed furloughs (layoffs) of thousands of employees. This is not uncommon with the increase and decrease of traffic, but this time, more permanent cuts were also made. Yards, shops, and maintenance bases were closed, and routes in the South and Appalachia closed, downgraded, or sold off to short line and regional operators. Those operators often pay less to employees, effectively serving as cheaper subcontractors to the large railroads, which often maintain the right to all traffic generated on the sold off routes.

Beyond that, there have been significant operational changes aimed at using fewer crews despite the fact they impose more difficult working conditions and increased safety hazards. CSX Railroad has made the most dramatic changes. Historically, the length and tonnage of freight trains has gradually risen, and it is not uncommon for a train traveling longer distances to be over a mile in length. CSX enacted new policies that suddenly have combined what used to be two trains into one monster train, which can be up to 3 miles long and 25,000 tons. The benefit to management is that they only need to employ one crew instead of two.

Employees point out that such monster trains are more prone to problems, operate more slowly and cause traffic delays because they exceed capacity. In the end, they may end up going so slowly that they require just as many crews. Despite this, managers know how to manipulate that data to make it look good for investors.