CSX railroad records strong second-quarter profit on the backs of hyper-exploited workers

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On July 20, CSX reported strong second-quarter profits despite widespread delays and a staffing crisis. The railroad's profits grew 5 percent to $1.18 billion, up from $1.17 billion last year. Revenue soared 28 percent to $3.82 billion as CSX increased shipping rates and fuel surcharges in response to rising fuel costs.

The results beat financial analysts' earlier estimates of $3.64 billion in sales. CSX's share price has jumped nearly 10 percent since the earnings report, rising from $29.72 to $32.50.

CSX is one of the largest railroads in the United States, operating over 20,000 miles (32,000 kilometers) of rail in 26 states and two Canadian provinces. The company is based in Jacksonville, Florida, and currently employs 6,667 train crew members, which is short of the 7,000 workers the company says it needs to run the operation. Railroads cut approximately one-third of their workforce in 2020 and are currently struggling to hire new workers and retain the current workforce.

While the Class I railroads have been posting record profits during the pandemic, railroad workers have not received a pay raise in almost three years, while inflation is now running at over 9 percent. More than 100,000 rail workers have been working without a new contract during that time.

CSX's record profit report came just a few days after the Biden administration intervened to block strike action by rail workers nationally. Biden issued an executive order creating a Presidential Emergency Board (PEB), a form of federal mediation, on July 15, three days before a 30-day "cooling off" period was set to expire and open the way for a potential walkout. Earlier in July, railroad workers had voted by a near-unanimous 99.5 percent to authorize strike action.

Significantly, the rail unions had been pushing for the establishment of a PEB since May, seeking to promote illusions that the Biden administration will serve as a "neutral arbiter," or even rule in rail workers' favor. The entire history of workers struggles within the rail industry, however, leaves no doubt that the White House will work to impose a settlement in the interests of the corporate rail giants and their super-rich owners.

In reality, the unions' call for the appointment of the PEB was based on their determination to prevent strike action, which would disrupt their cozy relationship with the companies, while forcing the union bureaucracies to dole out strike pay.

Despite the strong financial results, CSX's executives expressed concern over the impact of the "tight labor market" on their operations. During its earnings call, CEO Jim Foote told investors and Wall Street analysts, "Our ability to hire and retain new workers, which is vital to improving our service and growing the business, remains challenged. We are not alone in facing this problem. The labor market is tight, prospective recruits have many job options and the pandemic has had a profound effect on employees' work and lifestyle preferences."

Anger among workers in the rail industry has been at a boiling point for months. Many new employees quit working at the railroad during or shortly after training due to low quality of life and inadequate levels of pay that have not risen to compensate for inflation. The 24/7 nature of railroad operation, in addition to onerous scheduling requirements that keep workers from seeing their families or even arranging a doctor's appointment, take an enormous physical and psychological toll. In the past, this was somewhat offset by relatively good wages. But as wages erode, quality of life issues press even harder.

As a newer CSX worker in Tennessee told the WSWS last month, "I came here looking for things like above-average pay and great benefits that I'd grown up hearing about. But once I got here, I quickly learned those days were long gone."

Most Class I railroads have an attendance policy based on points, where taking leave on holidays and weekends carry a higher cost than taking off on a weekday, and the points are difficult to earn back. The "Hi Viz" attendance policy at BNSF is a recent prime example of this. Thirty points are issued to each worker, which are then charged any time a single day is taken off. Workers cannot have time off on the weekend without spending points, which are then earned back only slowly, by working stints of 14 days straight. If a worker takes a day off during the 14 days, the cycle is restarted and zero points are earned.

Many railroaders are on call 24/7 and often spend 40 hours on a trip, only to do another 40-hour trip immediately afterwards. Seventy-plus-hour workweeks are not uncommon. It is difficult for workers to return home, and much of their "down time" is spent at distant hotels.

Pressing rail workers to limits of human endurance, the Class I railroads have been making record or near-record profits. In addition to CSX, Canadian National reported a record second-quarter net income of 1.32 billion Canadian dollars, while Union Pacific Corporation saw their bottom line increase 3.9 percent.

The capitalist ruling elite are seeking to make workers pay through inflation and destruction of working conditions for their disastrous response to the pandemic. The beginning of the COVID-19 pandemic saw trillions of dollars pumped into the markets, a chief factor in fueling spiraling inflation and rampant financial speculation. Now, interest rates are being driven up by the US Federal Reserve, with the support of both the Democrats and Republicans, in order to drive up unemployment and weaken workers' leverage. The aim is to create the conditions where workers are forced to accept whatever job they can find, no matter how miserable the pay or dangerous it is.

Biden's stated intention of preventing a "wage-price spiral" means a declaration of war on workers, whose efforts to raise wages to compensate for rising prices are to be pushed back by every means possible.

At the same time, the White House is relying ever-more heavily on the trade union bureaucracies to enforce "labor discipline" and block strikes, particularly in the strategically vital transportation industries. Railroad workers are critical to the supply chain, especially under conditions where American imperialism is engaged in a proxy war with Russia in Ukraine, while simultaneously stoking a military conflict against China. This is also why the White House has intervened in contract negotiations for 20,000 West Coast dockworkers, who have been kept on the job more than a month past their contract expiration by the International Longshore and Warehouse Union.

To ensure that their needs are met, rather than the profit interests of the corporations and multibillionaires, workers must organize their own strength, independent of the pro-management unions. The WSWS urges workers to form independent rank-and-file committees at their workplaces and to expand the growing network of committees in the International Workers Alliance of Rank-and-File Committees (IWA-RFC), which was launched early last year. We encourage railroad workers to contact the *World Socialist Web Site* for assistance in building such committees.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact