

THEY USE US - THEN ABUSE US!

HOW RAIL LABOR HAS AIDED RAILROADS OVER THE YEARS

The Carriers have established a website - *Rail Labor Facts* (www.raillaborfacts.org) which distorts the facts and distorts the carriers' goal in this round of negotiations.

Rail Labor has a few facts of its own.

Rail labor support of railroads on Capitol Hill has generated for freight railroads literally **tens of billions of dollars** in cash infusions, cumulative cash savings, loans and loan guarantees. Here is a listing of some of the major beneficial rail legislation passed by Congress with rail labor's support. Without rail labor support, virtually all of these bills likely would not have become law.

- Rail labor supported passage of the Transportation Act of 1958, which provided **\$500 million** in loan guarantees, railroad capital expenditures and maintenance. The Interstate Commerce Commission said in its 1963 annual report that without those loan guarantees, eastern railroads would not have survived.
- Rail labor supported passage of the Emergency Rail Services Act of 1970, which authorized federal loan guarantees of up to **\$200 million** for bankrupt railroads to use for "essential" operations.
- Rail labor provided crucial support in Congress for creation of Amtrak in 1971, through passage of the Rail Passenger Service Act of 1970. This legislation allowed freight railroads to get out of the money-losing railroad passenger business. The Interstate Commerce Commission had estimated railroads had lost **\$1 billion** operating passenger trains between 1967 and 1970.
- Rail labor supported passage of the Regional Rail Reorganization (3-R) Act of 1973, which authorized **\$1 billion** in federal loan guarantees, **\$559 million** in direct grants, and **\$85 million** in operating subsidies for bankrupt railroads.
- Rail labor provided support for passage of the Railroad Revitalization and Regulatory Reform (4-R) Act of 1976, which authorized **\$2.1 billion** in federal loans to Conrail; **\$1.6 billion** in federal loans and loan guarantees to other financially weak railroads for plant and equipment purchases and track rehabilitation; and **\$360 million** in branch line subsidies. The 4-R Act opened the

door to greater rail ratemaking freedom and, for the first time, imposed a time limitation on how long regulators had to approve railroad mergers. The 4-R Act also prohibited discriminatory state and local tax treatment of railroad property, and accelerated the process for railroads to abandon money-losing branch lines.

- Rail labor support was crucial to the passage of the Staggers Rail Act in 1980, which largely deregulated railroads. While this legislation was very harmful to Rail Labor, it was necessary to financially save the industry. The Staggers Act also expedited abandonment and merger proceedings. The productivity improvements flowing from job savings helped to restore railroad profitability. The Staggers Act also opened the door for railroads to transfer branch lines to short-line enterprises. Rail labor suffered substantially, but accepted those wounds to assist in the private-sector survival of freight railroads. Railroad bottom lines improved by literally **billions of dollars** as a result.
- Rail labor supported passage of the Economic Recovery Tax Act of 1981, which the Association of American Railroads said provided the rail industry with a one-time cash infusion of **\$2.5 billion**.
- To assure the continuation of Conrail in 1981, Railway Labor Executives Association President Fred Kroll coordinated with various rail unions to provide massive givebacks that totaled some **\$200 million** annually for three years, or a total of more than half a billion dollars in givebacks. Conrail President Stan Crane said in a speech May 4, 1988, "From that moment on, labor no longer was our adversary, but our partner. As a result of that understanding, I believe we have the best relationship with labor in the industry."
- Rail labor supported passage of Railroad Retirement Solvency Act of 1983, which raised to 62 the age at which 30-year railroad veterans could retire with full benefits. That law also increased Tier II contributions for employees by 2.25 percentage points, imposed income taxes on Tier II benefits, and deferred a scheduled Tier II COLA for retirees.
- During the 1980s, rail labor worked with railroads to defeat proposed legislation to permit construction of coal-slurry pipelines.
- During the 1990s, rail labor supported railroads in their opposition to captive-shippers who were seeking re-regulation legislation that would have capped rail rates, limited rail rate-making freedom and opened privately owned rail routes to use by other rail carriers.
- In the wake of rail-service meltdowns following the Union Pacific-Southern Pacific merger and the Conrail carve-up, rail labor supported the railroads requests before regulatory agencies and Congress for more time and patience in solving the problem without greater federal interference. That assistance extended

to support for temporarily lifting certain immigration restrictions to allow Canadian rail workers to take employment on U.S. railroads.

- The Railroad Retirement Reform legislation in 2002 was a joint labor-management effort that allowed carriers to save some **\$400 million annually** according to Railway Age magazine.
- Rail labor brought Democrats on board legislation in 2004 to repeal the 4.3 cents per gallon diesel-fuel tax imposed on railroads, which provided the rail industry with **\$180 million annually** in fuel-tax savings. That tax bill also provided Class II and III railroads, which feed business to Class I railroads, a track-maintenance tax credit of up to \$3,500 per mile of track.
- In 2005, rail labor supported the rail industry when the District of Columbia and dozens of other communities sought to divert hazmat shipments to less efficient and more costly routes. Rail labor testified before Congress in support of the railroads' position.
- In each session of Congress over the years, rail labor has supported the railroads' effort to obtain hundreds of millions of dollars in federal funds to pay for improvement of highway-rail grade-crossings.
- Each time motor carriers sought legislation to liberalize the length and weight of trucks on federally funded highways, rail labor has helped the rail industry defeat that legislation.

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WHEN THE RAILROADS NEEDED US.**

**RAILROADS ARE NEVER THERE WHEN
RAIL LABOR NEEDS THEM.**

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