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U.S. DEPARTMENT OF TRANSPORTATION
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STATEMENT OF JOHN A. VOLPE, SECRETARY OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON LABOR, COMMITTEE ON LABOR AND PUBLIC WELFARE, UNITED STATES SENATE, REGARDING THE EMERGENCY PUBLIC INTEREST PROTECTION ACT OF 1971, THURSDAY, JULY 8, 1971.

I appreciate the opportunity to be here today to testify on S. 560, the Emergency Public Interest Protection Act of 1971.

Secretary Hodgson has already testified in depth on how this legislation will provide a viable mechanism to deal with strikes and lockouts in the transportation industry. It is not necessary for me to repeat his thorough analysis. What I will do, therefore, is review with the Committee my experience as Secretary of Transportation which has convinced me of the critical need for this legislation.

The President, in recommending the enactment of this measure, said on February 3 of this year:

> The urgency of this matter should require no new emphasis by anyone; the critical nature of it should be clear to all.
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> I believe we must face up to this problem, and face up to it now, before events overtake us, and while reasoned consideration is still possible.
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> The legislation I propose today would establish a framework for settling emergency transportation disputes in a reasonable and orderly fashion, fair to the parties and without the shattering impact on the public of a transportation shutdown.

I have, Mr. Chairman and Members of the Committee, been Secretary of Transportation now for a little over two years--although sometimes it seems like 20. I have seen the shattering impact on the public that the President spoke of, and I have experienced the frenzied activity needed to resolve transportation strikes, even on a temporary basis. During just the last 16 months this nation has been faced on three separate occasions with the dilemma of potential nation-wide railroad strikes. In the spring of 1970, Congress averted a strike by legislative action, first by postponing the strike for 37 days and then by enacting legislation that imposed a settlement. We were less fortunate the other two times. In December of 1970 and this past May, the country experienced two short-lived strikes which, but for the speedy action of the Administration and the Congress, would have crippled the nation. As I informed the Committee in my most recent appearance before you in May, effects of the shutdown were staggering.

--Nearly 350,000 commuters in our major cities were forced to find other ways of getting to work;

--AMTRAK service of 185 daily passenger trains carrying approximately 60,000 passengers was halted;

--The 41 percent of all intercity freight movement carried by rail was stopped;

--Major industries, such as steel, automobiles, and food processing, began to feel the effects

within 24 hours, and forecast that major or total shutdowns after one week would follow.

In overall terms, we projected that at the end of a two-week national rail strike, the gross national product for that period would be reduced by an estimated $1.059 billion. As you know, S.J. Resolution 100, which temporarily resolved that strike, required the Secretary of Transportation and the Secretary of Labor to report to the Congress by the 31st of this month as to the impact of the work stoppage. That report will outline in detail the full effect of the strike.

To end that strike, Mr. Chairman, the Administration proposed and the Congress enacted emergency legislation. But both the Congress and the Administration recognized that permanent legislation was necessary to prevent the continual recurrence of such stopgap legislative efforts. Our proposal is meant to do just that. We cannot continue to ask the Congress to decide these issues on an ad hoc basis. That is why we are now proposing a mechanism for resolving disputes--one which allows labor and management to bargain out their differences without economically crippling the nation. This legislation is meant to tell labor and management that they can have flexibility in their bargaining, but at the end there must be a final settlement. We are not telling them what the terms must be--we are merely saying that they reach an agreement.

I should like to make one thing clear. This is not a pro-management bill, nor is this a pro-labor bill. It is a bill, as its title states, in the public interest. It is a bill which is meant only to protect the people of this nation from becoming the innocent victims of a labor-management dispute within a single industry.

I have been on both sides of the labor/management fence. As an owner of my construction business, I was management. I was privileged to serve for two years as Massachusetts chairman of the Labor-Management Relations Committee of the Association of General Contractors of America and for seven years as a member of the Association's National Labor-Management Relations Committee. As the Committee knows, I am proud to admit that I started as plasterer's apprentice, and, in fact, I still hold an honorary lifetime membership in the International Plasterers Union. As a result, I feel that I understand many of the problems of labor/management negotiations, and I am confident that this bill enhances the incentives for negotiation and the prospects for voluntary settlement.

The question has been raised as to why we have singled out the transportation industry for special legislation. There is no other industry where the effects of work stoppages have such a devastating effect on our national welfare. Simply stated, the transportation industry is the lifeline of our nation's economy. Each mode plays its important part--be it trucking, airlines, railroads, or maritime--each catering to the kind of business it can most efficiently and effectively serve. The other side of the coin, however, is that if one mode is shut down, the other modes cannot easily take up the slack. For example, the transportation of steel or automobiles cannot readily be shifted to other modes on short notice if the railroads go on strike. Likewise, there is no modal substitute for rapid coast-to-coast passenger transport by airplane. It appears that one of the prices we pay for the specialization in our transportation industry is that we are dependent upon it. The shutdown of one of our transportation modes,

or a substantial portion of any mode, unbalances the entire system, and has an impact upon the national health or safety. The severity of this situation calls for special remedy.

This, then, is the problem. We are faced with an industry which does not manufacture a product, but makes possible the manufacturing of almost all products. Transportation is the link which binds our many material sources to our industries; it is the link which binds our industry to the consumer. In short, it makes possible the free flow of goods and services which is the keystone of our economic system.

The public interest precludes our allowing that process to flounder, yet our commitment to the essential fairness of the collective bargaining system precludes our altering it any more than is absolutely necessary. What the Administration proposes, therefore, merely enlarges the options open to the President to facilitate and encourage fruitful collective bargaining.

As I said, this legislation proposes a mechanism for resolving disputes. The bill would accomplish this in two ways. First, it would make emergency procedures consistent throughout the transportation industry and would adopt certain bargaining practices successfully used in other industries, such as contract termination dates. Second, the bill would give the President three new options if a dispute is not settled within the framework of the normal collective bargaining process and the 80-day Taft-Hartley cooling-off period. He could extend the cooling-off period for up to an additional 30 days; he could set up a special board to determine if partial operation of the mode were possible, thus allowing a partial strike or lockout; or he could appoint

a disinterested panel to choose the most reasonable of the final offers made by management and labor. All three options are meant, as I said, to make the situation more conducive to a negotiated settlement between parties.

Mr. Chairman, the President has reiterated his recommendation that the Emergency Public Interest Act be enacted. The Administration recognizes the need for this legislation. We cannot continue to live from crisis to crisis. We all know that hindsight is better than foresight, and we must take advantage of our hindsight to plan for the future. This is what we as a government owe to the people. We respectfully urge its enactment.

Thank you very much. I will be pleased to answer any questions the Committee may have.