

**STATEMENT OF SAMUEL K. SKINNER, SECRETARY OF TRANSPORTATION
BEFORE THE TRANSPORTATION AND HAZARDOUS MATERIALS SUBCOMMITTEE
HOUSE COMMITTEE ON ENERGY AND COMMERCE
CONCERNING THE NATIONAL RAILROAD LABOR/MANAGEMENT DISPUTE
APRIL 17, 1991**

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before you today, on behalf of the Administration, to discuss the breakdown of the national railroad labor/management negotiations on wages, work rules, and health and welfare benefits, and the resulting national freight rail disruption that we currently face. I also want to suggest the framework for bipartisan legislation to resolve the dispute, and end these crippling rail service disruptions.

The parties have been negotiating since 1988. Upon reaching an impasse in their negotiations, the parties requested the President to appoint a Presidential Emergency Board, pursuant to section 10 of the Railway Labor Act, to study and make recommendations for an equitable resolution of their dispute. The President agreed, and Board No. 219 was appointed on May 3, 1990, nearly a year ago. The Board met with the parties for eight months, and considered over 21,000 pages of transcripts, exhibits and briefs, before issuing its 118 page report and recommendations on January 15, 1991. The Board attempted to reach a balanced solution to the numerous and complex issues involved in the dispute.

The Board, I might add, consisted of three individuals with extensive experience in dealing with labor relations issues, and who were approved by the leaders of both the National Railway Labor Conference and the Railway Labor Executives' Association. They are acknowledged as superbly qualified by both labor and management.

The parties voluntarily agreed to extend the 30-day statutory status quo period through April 16, while negotiations, based upon the Board's recommendations, proceeded. Significantly, three of the eleven bargaining units (the Transportation Communications Union, the Brotherhood of Railroad Signalmen, and the American Train Dispatchers Association) reached tentative agreements with management based upon the Board's recommendations. However, negotiations with the other eight units are stalled and these units have struck the carriers; this strike is being honored by even those unions which have a tentative agreement.

A national rail strike clearly impairs our national defense and has disastrous consequences for the economy. The rail industry moves more than one-third of all domestic intercity freight. A shutdown of even a few days' duration would be seriously disruptive. Its impact would be

immediate and significant. The "just-in-time" inventory management system of the automobile industry, for example, requires rail service that is responsive on an hour-to-hour basis. If rail service is interrupted, Ford says it will begin shutting down within 48 hours. Chrysler says it will totally shut down in three days. General Motors indicates that approximately 75-80% of its operations will be affected within 24 hours of a shutdown.

The impact would increase each day the strike goes on. After two weeks of a nationwide disruption, firms served by railroads could be involved in laying off up to one-half a million employees. Other key industries would also be affected, including plastics and chemical manufacturing and distribution, coal mining, wood products, metals, glass producers, and so on. As firms exhaust their inventories, layoffs could worsen. A disruption of rail service could affect shipments of fertilizer to the Midwest for the spring planting season, and could snarl fertilizer production, as well, since nitric acid is carried to production plants by rail.

Assurances have been made by labor representatives that they will not disrupt commuter or intercity rail passenger

service. However, where that service operates over the lines of freight carriers, service is in jeopardy if the affected freight carrier is unable to continue operations or if the commuter agencies determine that liability considerations argue against operations. Unlike past strikes, cutbacks in railroad management employment make it unlikely that sufficient railroad company personnel could assure adequate maintenance and control. About 100,000 people commute daily on lines owned or controlled by freight railroads. Another 30,000 are passengers on Amtrak trains outside the Northeast Corridor.

While this Administration is committed to the principle of collective bargaining as the basis for labor-management relations, it is clear that some of the parties are unable to reach a negotiated agreement, and that a legislative solution is needed to supplement the three tentative agreements already reached. It is our judgment that the unresolved disputes should be resolved in accordance with the recommendations of the Emergency Board. The fact that the parties requested the convening of the Board, entered into a private agreement establishing the procedures the Board would follow, did not object to the membership of the Board, and twice voluntarily agreed to extend the term of the Board, supports the position that the parties have committed themselves to a final

resolution based on the Emergency Board's findings and recommendations. The legislative approach we prefer would allow the tentative agreements to go into effect, and would effectuate the Board's recommendations as the basis for the agreement of the remaining parties through the end of the contract period, January 1, 1995.

There is ample precedent for Congress to enact the recommendations of a Presidential Emergency Board as the basis for settlement of a rail labor dispute--the 1982 BLE/NRLC dispute, the 1986 BMWE/Maine Central dispute, and the 1988 UTU/CNW dispute were all settled in this manner. Similar prompt action is called for in this case.

I would be pleased to respond to any questions you or the Subcommittee's members might have.