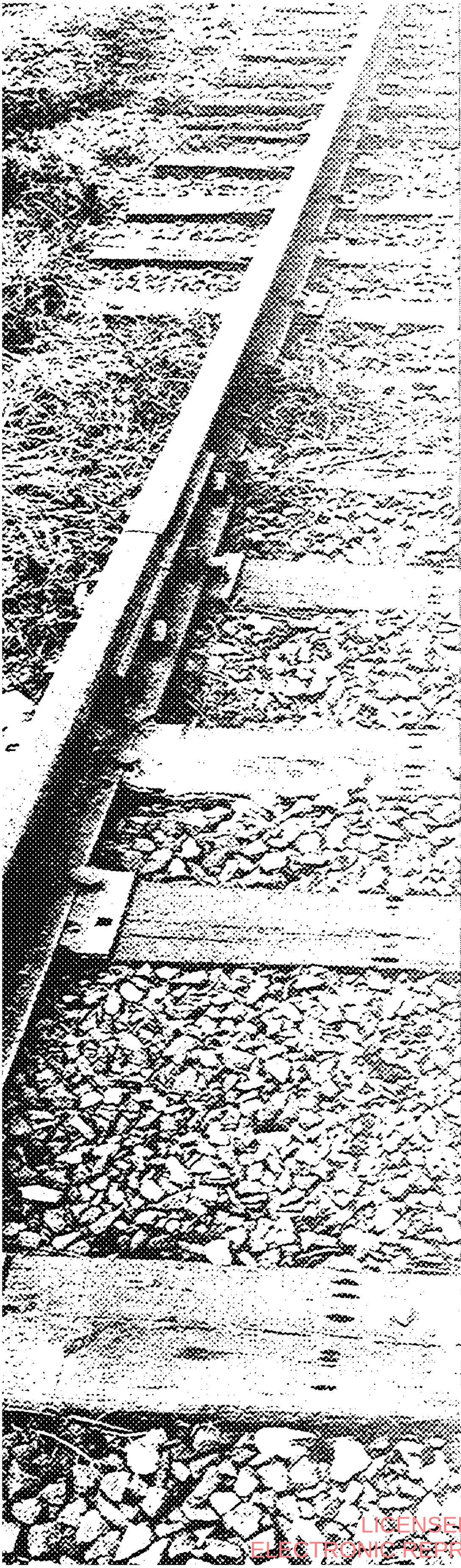

The Gra

by Tom Bethell

Even the most cursory inquiry into trade unions reveals the contemporary debasement of the notion of work. That work itself should contain redeeming features is not something likely to be brought up for discussion these days in our union local halls. It is hardly on George Meany's agenda. In medieval times guilds were formed to maintain standards of craftsmanship; today unions are formed to maintain paychecks. Some of the old language survives in today's unions—brotherhood, clerk, master, guild—but very little of the old attitudes. There can be no pretense that pride is involved when dockworkers unpack and repack containerized freight; when printers reset in identical type what has already been set in type; when painters refuse to paint with brushes more than four inches wide; when firemen travel on locomotives which do not have fires; or when railroad employees, insisting still on the "100-mile day" inaugurated with 19th century locomotives, receive five days' pay for sitting in diesels which speed 500 miles across the continent in a matter of hours.

Thoughts such as these inevitably come to mind when one reads about the Delmarva Peninsula controversy,

Tom Bethell is an editor of The Washington Monthly.

vy Train

which has been in the news lately. It is a three-sided story, involving railroads, labor unions and government, and as with so much else that one reads about in newspapers, it does little to encourage the notion that we live in the best of all possible worlds. And that is especially true where the trade unions are concerned. Government doesn't come out of it too well, either.

The Delmarva Peninsula stretches down 200 miles south of Wilmington, Delaware, with the Atlantic on one side of the peninsula and the Chesapeake Bay on the other, and it contains within it parts of three states—Delaware, Maryland and Virginia. Its 6,000 square miles are not heavily populated or much industrialized; it is well known only for its large chicken farms. Its railroads, along with so many other railroads in this part of the world, were money-losers, with more and more of the track becoming dilapidated and abandoned; where they operated at all, they were run by the Penn Central Railroad.

After Penn Central went bankrupt, the U. S. Railway Association was created to study the causes of the bankruptcy, and to come up with a government assistance plan to streamline the railroads of the northeast U.S. The association duly recommended

Diana H. Walker

that about 6,000 miles of track formerly operated by Penn Central (and six other smaller bankrupt lines) should be abandoned, that certain other lines should be subsidized by the states, and that the remaining track should be operated by a government corporation called Consolidated Rail Corporation, or Conrail for short.

Conrail went into effect on April 1 of this year, with over $2 billion of federal money at its disposal. The plan is for Conrail to be operating at a profit by 1979. This is thought to be unlikely, although some of the worst features that had led to the Penn Central bankruptcy (for example, the union refusal to eliminate jobs when the Pennsylvania Railroad and New York Central were merged, resulting in two men standing on duty where one had stood before) have been at least partially circumvented.

To encourage competition with Conrail, and to help minimize the government investment, there was also a plan for two of the nation's rare profitable railroads, the Chessie System and the Southern Railway, to buy about 3,000 miles of the former Penn Central System. The Chessie purchase was to be in New York and Pennsylvania, the Southern in the Delmarva Peninsula.

In the delicate contractual negotiations at this stage, however, the government made a serious tactical mistake—an error which did not become apparent until recently. The error was to concede that if these two private railroads did not acquire the track, Conrail would continue to operate some of it anyway. Government would act as backstop, in other words.

Good News

For the people on the Delmarva Peninsula, the news that the Southern Railway was coming their way was good news. Southern was known as an efficient, well-managed railroad, which, partially through the good fortune of its geographical location, had managed to avoid becoming ensnared and tangled and knotted and ultimately throttled by organized labor, as had happened with the Pennsylvania and other railroads. Southern, which had shown a net profit of $88 million in 1974, was going to buy the full 485 miles of track on the Delmarva Peninsula for $6 million, and had promised to spend an additional $30 million in repairing the track. On the other hand, if the government-backed Conrail acquired the track, it would operate only 185 miles of it, as far south as Salisbury, Maryland. For Conrail, the track it acquired would be an unimportant feeder line; for Southern, using the rail-car float across Chesapeake Bay from Cape Charles, Virginia, to Norfolk, the Delmarva acquisition would constitute the final link in a chain that would then reach up to Wilmington, Delaware, and hence the industrial northeast.

Southern Railway, therefore, had a vested interest in acquiring the lines, and so did thousands of residents of the Delmarva Peninsula, whose economic well-being was threatened if much of the rail freight service was withdrawn. But the 22 unions representing the 500 railroad workers on the peninsula had very little at stake, as soon became apparent when the labor negotiations dealing with the Southern purchase began.

The Veto Principle

The fact that so many unions were involved—22 unions for only 500 workers—in itself illuminates one of the major problems encountered by railroads in their labor negotiations. What formerly had been a *craft* was to become, in contemporary trade unionism, a sharply delineated *jurisdiction*, within which a dues-paying membership could be accumulated. Precise job descriptions defined the jurisdiction and so prevented the encroachment of other hungry union empire-builders. Equally important, this rigid subdivision of work had the effect of giving that union a *veto* over the end product or service.

The veto principle soon became incorporated into the Delmarva negotiations, too. Under the terms laid down by the U.S. Railway Association, any one union out of the 22, by not signing the agreement, could prevent the purchase from taking place. Right off, therefore, the Southern Railway made the negotiating concessions that they knew they would have to make, because they have become so routine a part of labor-management "bargaining" these days. They agreed to keep on all the workers already working for Penn Central, for life, and they agreed to pay them Penn Central wages—which are on average about a dollar a day higher than Southern wages.

Bad News

For those already with jobs on the peninsula, therefore, this was good news; their jobs and wages were guaranteed, and they would be working for a financially sound company in no danger of bankruptcy—which, of course, always results in uncertainty, because after a bankruptcy contracts are renegotiated. Twelve of the unions involved soon signed the agreement—among them the Brotherhood of Locomotive Engineers, the Railroad Yardmasters of America, the Brotherhood of Railroad Signalmen, the American Train Dispatchers Association, the American Railway Supervisors Association, the Seaman's International Union, and the International Brotherhood of Teamsters. More to the point, one might think, nearly all of the actual employees working on the peninsula were informally reported to be willing to agree to Southern's terms. As for the non-railroad residents of the Delmarva Peninsula, they were extremely anxious that the purchase be allowed to go through. At Salisbury, Maryland, they had even planned a welcoming ceremony for the first Southern train, complete with high-school band and speeches by civic dignitaries.

But one brotherhood would not sign the agreement—the Brotherhood of Railway and Airline Clerks, a 300,000-strong union of clerical workers who do a great deal of railroad paperwork. A number of other unions refused to sign, too, although it is the opinion of Secretary of Transporation William T. Coleman, Jr. that these other unions would have gone along if the clerks' union had signed.

It emerged in the course of negotiations that the clerks union—who represented only 55 workers on the Delmarva Peninsula—wanted two further concessions from Southern Railway. Management would have to agree to sustain these 55 jobs in perpetuity, even if the jobs were not needed after the present job-holders died, with the replacement workers also being hired under Penn Central rather than Southern terms. And secondly, Southern must agree not to transfer these workers to other parts of the Southern Railway system, such as Tennessee or Georgia, where there might in future years be a greater need for railroad workers.

With great reluctance, Southern agreed to the second demand, and a part of the first. The featherbedding provision (hiring unnecessary workers in perpetuity) was, of course, distasteful to Southern, but they agreed to it when they were reassured that the federal government would pick up the additional cost. But there was one clause Southern would not agree to, and that was the requirement that the *future* employees be hired on Penn Central rather than Southern's terms. As Southern's management very well knew, this provision could lead, in a very short time, to the Southern Railway meeting the same fate as Penn Central: bankruptcy.

The almost inevitable tendency, given the well-established direction of labor-management negotiations these days, would be for this Penn Central contract, applying at first to only 55 workers, to "slop over" into the rest of Southern's 17,000 union employees. Southern's management surmised that it would only be a year or so before union negotiators began arguing that it was intolerable for Southern Railway to have two categories of employees, one on a regular labor contract, the remainder "under-privileged." If this did indeed happen, it could ultimately prove disastrous for Southern. Penn Central's operation was such that an average of 51 cents out of each dollar of revenue was accounted for by wages; for Southern, however, it is only 33 cents. (The average Southern Railway employee's pay was $14,500 in 1975.) According to one management estimate, if this 33-percent figure were increased to Penn Central's average, Southern's $88 million profit would be converted to an $80-million loss.

So Southern would make no concession on this point; they would prefer not to acquire the Delmarva railroads under labor terms which could ultimately bankrupt them.

The Public Be Damned

Meanwhile, the threatened closure of two thirds of Delmarva's lines placed several thousand jobs there in jeopardy, and the Delmarva Labor Council, representing organized labor generally, was begging the Brotherhood of Clerks to be a little more brotherly and accept the contract. But they would not. The union president, C.L. Dennis, said that his union "would be the laughing stock of the whole railroad industry" if it were to accept the wage proposals—a comment which itself speaks eloquently of the great degradation of organized labor. The contract in question, of course, guaranteed all those currently employed life-time jobs, at the same wage rates, and guaranteed not to relocate anyone.

In response, Secretary Coleman said that "this exercise in unreasonableness and irresponsibility will leave a lasting imprint on the economy of the Eastern Shore, and ought not be forgotten by the American people."

The *Washington Star* remarked that "the seven obdurate labor unions that are obstructing the survival of the Delmarva Peninsula's essential rail network deserve to be castigated by Transportation Secretary William Coleman." In a news analysis, *Washington Post* reporter William H. Jones noted that William Vanderbilt's famous remark made in 1882—"the public be damned"—now appeared to characterize organized labor. But *The Washington Post* editorial summary put it best:

"The argument has nothing to do with the wages the current holders of these jobs would get; federal law guarantees that their wages would not be cut. Instead, it involves the wages that will be paid to those who replace them after they die or retire. In other words, railroad service on 192 miles of track in Delmarva is about to end because of a dispute over how much future workers (who may not even be born yet) will be paid. The ultimate irony is that so marginal an issue could destroy a rescue operation on this 192 miles of track—a rescue operation which a solvent railroad is willing to undertake and which a government-funded corporation has rejected as too expensive to undertake."

Internal Politics?

How could this happen? Secretary Coleman intimated at one point that the answers could be found within the internal politics of the clerks' union. A little bit of investigative reporting was needed, he suggested. In fact, however, inquiry suggests that while internal union politics may have been part of the problem, there was all along a much more serious impediment to successful labor-management negotiations: namely, the promise of ultimate government rescue.

As far as the Brotherhood of Railway and Airline Clerks were concerned, it was true that Fred Kroll, a vice president from the Philadelphia local, had recently defeated the union president's son in an election for vice president; and it was felt that Kroll was now set on challenging C. L. Dennis for the presidency, and was threatening to use the negotiations with Southern Railway as an "issue" on which to challenge Dennis. Rather than run the risk of being accused of having "given in" to management, therefore, Dennis would stand pat on his logically untenable position. It did not matter to him what the working men in the Delmarva Peninsula thought—those that were not in his union—because they, after all, were not contributing dues, nor did they threaten his hegemony within the union. As for those railroad workers who *were* in the union, he did not have to worry about them either, if the Southern deal fell through, because under the terms of the acquisition by Conrail, *they were guaranteed lifetime jobs anyway.* And that was the real problem.

Under the law that had established Conrail, those former Penn Central employees who had been on the job for five years or more would go on being paid for life even if there was no work for them. The great problem was, then, that the government, with its easy susceptibility to lobbying influence, was inclined to take a far weaker stance in labor negotiations than management would. And so, if every time a railroad goes bankrupt, the government takes it over, there is no incentive for labor to make the slightest compromise in its position. In fact, a cynic could argue that there is even some incentive for unions to encourage the bankruptcy of railroads, if the government, as a result, promptly takes steps to guarantee everybody's job for life. This attitude had seemed implicit in 1973, in the wake of the Penn Central bankruptcy. At that time, the Brotherhood of Clerks submitted a bill to the House Commerce Committee calling for the prompt creation of a federal railroad transportation authority to take over Penn Central, using the argument that "nationalization" of lines was far better than "disintegration."

Political Reality

It might be argued that in the Delmarva Peninsula case, Conrail was going to take over only some of the lines, while the remainder would be closed, which presumably would mean the loss of some jobs. But this would be politically naive. As might have been predicted, what happened at the eleventh hour was that the publicity given to the case—which in part seemed to have been generated by the Secretary of Transportation's office in an attempt to embarrass the unions into going along with the agreement—succeeded only in putting pressure on politicians to take further steps towards nationalization.

Only three days before the limited Conrail operation was due to go into effect, Stephen Aug wrote in the *Washington Star*: "The state of Virginia and the Consolidated Rail Corporation have agreed to a plan under which the endangered Delmarva line of the bankrupt Penn Central Transportation Co. will continue in operation indefinitely....The agreement, under which the federal government would pay \$1.5 million to subsidize operation of the money-losing line for one year, appears to represent a last-minute reprieve for the line." In other words, the full 485-mile system probably will end up being saved, and run at a loss by the government.

So, in the end, the unions won. And when government is prepared to step in to protect the pay scale of those who are not yet even born, as it essentially did here (although perhaps unwittingly), we are plainly faced with the prospect of an ever-increasing antagonism between labor and management; and when politicians are faced with the choice of repudiating even a handful of voters, or adding another million dollars onto the federal budget, they will almost always choose the latter; therefore government needs must increase, in proportion as the number of people doing productive work declines. ■

The Intractables

by Walter Shapiro

Presidential campaigns are designed to breed illusions. Every four years the country goes off on a bender of positive thinking. Candidates criss-cross the nation stressing what they are going to do in office, ignoring the obstacles they will have to surmount in order to do it. This year both parties have candidates who promise to deflate the "bloated" federal bureaucracy. Anti-government rhetoric has always been a staple of the Republican right, but now it has become an article of faith for many Democrats as well. Jimmy Carter has won six early primaries by telling voters, "Don't vote for me if you don't want the government bureaucracy reorganized." Jerry Brown, who is even more of an anti-bureaucratic hardliner than Carter, now stands fourth in the Gallup Poll without having ever campaigned outside of California.

If a presidential campaign is a period of raised expectations, then the victor's first year in office is often a time of dashed hopes. In 1960, Senator John Kennedy promised to "get America moving again." In 1961, President Kennedy discovered that all movement was blocked by the conservative coalition in Congress. Jimmy Carter—a man who has promised to never tell a lie—assures voters that "when I get to Washington, I'm going to change the federal government drastically." One assumes that Carter is sincere. But what his enthusiastic audiences may forget is that drastic change is rarely welcomed by those who are profiting from the status quo. Realism suggests trying to pinpoint the likely obstacles that a President like Jimmy Carter or Jerry Brown would encounter in trying to turn campaign pledges into reality.

To get a sense of where some of the opposition might come from, I asked the leaders of several important federal employee unions what they thought of Jimmy Carter. The results were near unanimous. James Rademacher of the National Association of Letter Carriers was scathing in his criticism of Carter. The officials of the

Walter Shapiro is an editor of The Washington Monthly.