

US trade associations plead with Biden to step in over threatened \$886 billion rail strike

November 1, 2022



The upcoming rail strikes are dominating the headlines in the UK. Over the pond, the American rail sector is facing a similar issue, with the White House being called in to resolve issues before unions progress to industrial action.

A coalition of 322 organisations that rely on the nation's Class 1 freight rail network have written a letter to President Biden, urging him and his administration to seek a settlement in the bitter contract dispute that is looking like ending in a nationwide rail strike in peak retail season of November, or December.

According to data from the National Retail Federation, in 2021 consumers spent a record \$886.7 billion, with freight rail responsible for carrying 30% of the nation's cargo. The White House and transportation officials have warned that there is not enough capacity in the road haulage industry to handle the requirements should rail be out of action. Should this happen, it could cost the US economy up to billions of dollars a day - and leave consumers with a very frustrating festive period.

The letter - written by a range of trade associations including American Trucking Associations, the National Retail Federation, the U.S. Chamber of Commerce, the American Farm Bureau, the International

Association of Movers and the International Bottled Water Association – reads: “We are writing to you today urging you to continue to work with the railroad unions and railroads to ensure that the tentative agreement that you helped broker is ratified by the parties.

“It is paramount that these contracts now be ratified, as a rail shutdown would have a significant impact on the U.S. economy and lead to further inflationary pressure.”

“Unfortunately, we have seen two unions reject the agreement and there are concerns that others may follow. If that were to be the case, we could witness a strike that would shut down the entire freight rail system. Because the White House played such a central role in the process, we believe it can be helpful in continuing to move the process forward in a positive direction.”

It adds: “Congress will be called upon to act.”

The letter was sent after a second union, the Brotherhood of Railroad Signalmen, said its members, by a more than 60% margin, rejected the tentative agreement proposed by Labour Secretary Marty Walsh. The agreement came after an all-night bargaining session in mid-September, just hours before a nationwide deadline.

According to the Associated Press, Union President Michael Baldwin said the “lack of good-faith bargaining” by the railroads and the recommendations of a board that Biden appointed this summer denied workers the “basic right of paid time off for illness.”

The unions say the railroads, including CSX, Union Pacific, Norfolk Southern, BNSF and Kansas City Southern railroads, can easily afford to offer paid sick time.

While the estimated 115,000 workers in the twelve unions are likely to receive pay increases of 24% over five years, and \$5,000 bonuses, the union members say management’s position on paid time off, holiday scheduling and other contract language issues are at the heart of the dispute, and are much larger topics they’re concerned about, rather than just money.

To date, six of the twelve main rail unions, including two of the largest, have agreed to the proposal, two have rejected it and four other unions are set to vote on the tentative package in the coming days.