



# Brotherhood of Locomotive Engineers and Trainmen

*A Division of the Rail Conference—International Brotherhood of Teamsters*

**NATIONAL DIVISION**

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**DON M. HAHS**

*National President*

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September 1, 2006

**SECRETARY – TREASURERS  
ALL DIVISIONS**

Dear Brothers and Sisters:

We are at a critical point in our negotiations with the Nation's railroads.

This round of negotiations has been particularly tough. The carriers have employed deplorable tactics. Rail labor has been lied to at the bargaining table and the carriers have attempted to do as they have done in the past — divide and conquer.

The carriers have established a website, [www.RailLaborFacts.org](http://www.RailLaborFacts.org), which has distorted the facts and is nothing more than an underhanded attempt to smear hardworking railroaders and to turn the membership against their union leaders.

In response, rail labor has a few facts of our own. Attached is a bullet point listing of issues where rail labor has assisted the railroads over the past four decades. The carriers could not, on their own, have accomplished the passage of these legislative acts, which have returned billions of dollars to the rail industry. But rail labor, by aligning with the carriers, aided the carriers to pass legislation favorable to the rail industry during an era when the railroads were struggling financially. And the carriers have shown their gratitude by seeking givebacks, job cuts, and by attacking us through the websites.

We all understand that strikes are no longer an effective economic weapon in dealing with the railroads. Within hours of establishing pickets we are ordered back to work by conservative judges alleging national security issues, economic harm to industry and the country as a whole. We must find new ways of making railroads understand that in this era of record profits that we will not sit idly by and not be dealt with in a fair and equitable manner at the bargaining table.

We must make the carriers understand that unless we are treated fairly at the bargaining table, then rail labor has no alternative but to inflict as much economic harm as possible on the railroads. Wall Street will not be happy with the next quarter's profits and the stock prices will fall.

SECRETARY – TREASURERS  
ALL DIVISIONS

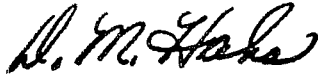
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SEPTEMBER 1, 2006

Our purpose is to make clear to the carriers our solidarity with other unions. In addition to the enclosed bullet point list, you will find “They Use Us–Then Abuse Us!” bumper stickers. It is requested that you distribute the enclosed bumper stickers to your respective members to be displayed on their vehicles.

Please do your part in this campaign by posting the bullet point list on the bulletin board at your place of work and by distributing the bumper stickers to your respective members.

Fraternally,



Don M. Hahs  
National President

Cc: & enc.: Advisory Board  
All General Chairmen  
All State Legislative Board Chairmen

# **THEY USE US - THEN ABUSE US!**

## **HOW RAIL LABOR HAS AIDED RAILROADS OVER THE YEARS**

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.

**RAIL LABOR HAS ALWAYS BEEN  
THERE WHEN THE RAILROADS  
NEEDED US.**

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

**THEY USE US - THEN  
ABUSE US!**