

Consumers could pay price if railroads, unions can't agree

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This April 2, 2021, file photo shows freight train cars and containers at Norfolk Southern Railroad's Conway Yard in Conway, Pa. Railroad engineers accepted their deal with the railroads that will deliver 24% raises but conductors rejected the contract casting more doubt on whether the industry will be able to resolve the labor dispute before next month's deadline without Congress' help. The votes, Monday, Nov. 21, 2022, by the two biggest railroad unions follows the decision by three other unions to reject their deals with the railroads that the Biden administration helped broker before the original strike deadline in September.

Credit: AP Photo/Gene J. Puskar, File

Consumers could see higher gas prices and shortages of some of their favorite groceries during the winter holiday season if railroads and all of their unions can't agree on new contracts by an early-December deadline that had already been pushed back.

The likelihood of a strike that would paralyze the nation's rail traffic grew on Monday when the largest of the 12 rail [unions](#), which represents mostly conductors, rejected management's latest offering that included 24% raises and \$5,000 in bonuses. With four of the 12 unions that represent half of the 115,000 rail workers holding out for a better deal, it might fall to Congress to impose one to protect the U.S. economy.

The Retail Industry Leaders Association said a rail strike "would cause enormous disruption" although [retail stores](#) are well stocked for the crucial holiday shopping season. It's not clear what a strike would mean for packages because FedEx and UPS, which both rely on rail to some degree, haven't commented in detail.

"Fortunately, this year's holiday gifts have already landed on store shelves. But an interruption to rail transportation does pose a significant challenge to getting items like perishable food products and e-commerce shipments delivered on time, and it will undoubtedly add to the inflationary pressures already hitting the U.S. economy," said Jess Dankert with the group that represents more than 200 major retailers.

Even getting close to the deadline could cause problems because railroads will freeze shipments of dangerous chemicals and perishable goods ahead of time. And commuters could be stranded if there is a strike because so many passenger railroads operate on tracks owned by

the freight railroads.

Just about every industry could be affected because so many businesses need railroads to deliver their raw materials and completed products, and there aren't enough trucks to pick up the slack.

Tom Madrecki with the Consumer Brands Association said a rail strike "would effectively bring hundreds of America's largest food, beverage, household and personal care manufacturing operations to a halt in a matter of days as inputs and ingredients run out. On-shelf availability and accessibility will quickly drop, compounded by almost inevitable panic buying."

There's no immediate threat of a strike even though four unions have rejected deals the Biden administration helped broker before the original strike deadline in September. Those unions agreed to try to hash out a contract before a new Dec. 5 strike deadline. But those talks have deadlocked because the railroads refuse to add paid sick time to what they've already offered.

Railroad engineers voted Monday to join seven smaller unions in approving the deal, but conductors' [union](#) rejected its contract, joining three unions that previously voted no.

It appears increasingly likely that Congress will have to settle the dispute. Lawmakers have the power to impose contract terms, and hundreds of business groups have urged Congress and President Joe Biden to be ready to intervene.

White House press secretary Karine Jean-Pierre reiterated to reporters on Monday that Biden believes "a shutdown is unacceptable" but that "the best option is still for the parties to resolve this themselves."

Workers frustrated with the demanding schedules and deep job cuts in the industry pushed to reject these contracts because they wouldn't do enough to resolve their quality-of-life concerns. The deals for the engineers and conductors did include a promise to improve the scheduling of regular days off and negotiate the details of those schedules further at each railroad. Those two unions also received three unpaid days off a year to tend to medical needs as long they were scheduled at least 30 days in advance and the railroads said they wouldn't penalize workers who were hospitalized.

The railroads also lost out on their bid to cut crew sizes to one person as part of the negotiations. But the conductors in the Transportation Division of the International Association of Sheet Metal, Air, Rail and Transportation Workers union still narrowly rejected the deal. A small division of the SMART-TD union did approve it.

"The ball is now in the railroads' court. Let's see what they do. They can settle this at the bargaining table," SMART-TD President Jeremy Ferguson said. "But, the railroad executives who constantly complain about government interference and regularly bad-mouth regulators and Congress now want Congress to do the bargaining for them."

Dennis Pierce, the president of the Brotherhood of Locomotive Engineers and Trainmen union, said the deal engineers ratified should help improve working conditions somewhat, but that the railroads must address workers' frustrations, especially after they cut nearly one-third of their jobs over the past six years as they overhauled their operations.

"When you've got to offer \$20,000 to get somebody to go to work for the railroad in Lincoln, Nebraska, you've got a problem. People used to stand in line there," Pierce said. "The reason for that is the word is out that if you go to work here, you're not going to ever see your family."

The railroads maintain that the deals with the unions should closely follow the recommendations made this summer by a special panel of arbitrators Biden appointed. That's part of the reason why they don't want to offer paid sick time. Plus, the railroads say the unions have agreed over the years to forgo paid sick time in favor of higher pay and strong short-term disability benefits.

The unions say it is long overdue for the railroads to offer paid sick time and that the pandemic highlighted the need for it.

The group that negotiates on behalf of the railroads that include Union Pacific, Norfolk Southern, BNSF, Kansas City Southern and CSX said Monday that the unions that rejected their deals shouldn't expect to receive more than the Presidential Emergency Board of arbitrators recommended.

It's unclear what Congress might do given the deep political divisions in Washington D.C. and a single lawmaker could hold up a resolution. But the head of the Association of American Railroads trade group, Ian Jefferies, said "if the remaining unions do not accept an agreement, Congress should be prepared to act and avoid a disastrous \$2 billion a day hit to our economy."

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