

Y4
.L 11/2
P 38/4
1030
L 11/2
P 38/4
9857

PENN CENTRAL RAILROAD DISPUTE—FEBRUARY 1973

GOVERNMENT

Storage

DOCUMENTS

PR 29 1973

THE LIBRARY
KANSAS STATE UNIVERSITY



111600 689671

HEARING

BEFORE THE

COMMITTEE ON

LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

ON

S. J. Res. 59

TO EXTEND THE PROVISIONS OF THE RAILWAY LABOR ACT
AND FOR OTHER PURPOSES

FEBRUARY 8, 1973



Printed for the use of the Committee on Labor and Public Welfare

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1973

91-496 O

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION



COMMITTEE ON LABOR AND PUBLIC WELFARE

HARRISON A. WILLIAMS, JR., New Jersey, *Chairman*

JENNINGS RANDOLPH, West Virginia
CLAIBORNE PELL, Rhode Island
EDWARD M. KENNEDY, Massachusetts
GAYLORD NELSON, Wisconsin
WALTER F. MONDALE, Minnesota
THOMAS F. EAGLETON, Missouri
ALAN CRANSTON, California
HAROLD E. HUGHES, Iowa
WILLIAM D. HATHAWAY, Maine

JACOB K. JAVITS, New York
PETER H. DOMINICK, Colorado
RICHARD S. SCHWEIKER, Pennsylvania
ROBERT TAFT, JR., Ohio
J. GLENN BEALL, JR., Maryland
ROBERT T. STAFFORD, Vermont

STEWART E. MCCLURE, *Chief Clerk*
ROBERT E. NAGLE, *General Counsel*
ROY H. MILLENSON, *Minority Chief Clerk*
EUGENE MITTELMAN, *Minority Counsel*

(II)

CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

THURSDAY, FEBRUARY 8, 1973

	Page
Usery, William J., Assistant Secretary of Labor, accompanied by Al Albert, Acting Solicitor, and James F. Scearce, special assistant.....	3
Peyser, Hon. Peter, a U.S. Representative in Congress from the State of New York.....	3
Hartke, Hon. Vance, a U.S. Senator from the State of Indiana, and chairman of the Senate Commerce Committee's Subcommittee on Surface Transportation	20
Langdon, Jervis, Jr., trustee of Penn-Central Transportation Co.....	21
Chesser, Al, president, United Transportation Union.....	27
Ingram, John W., Administrator, Federal Railroad Administration of the Department of Transportation, accompanied by John Barnum, General Counsel, Department of Transportation.....	32

STATEMENTS

Chesser, Al, president, United Transportation Union.....	27
Hartke, Hon. Vance, a U.S. Senator from the State of Indiana, and chairman of the Senate Commerce Committee's Subcommittee on Surface Transportation	20
Ingram, John W., Administrator, Federal Railroad Administration of the Department of Transportation, accompanied by John Barnum, General Counsel, Department of Transportation.....	32
Langdon, Jervis, Jr., trustee of Penn-Central Transportation Co.....	21
Peyser, Hon. Peter, a U.S. Representative in Congress from the State of New York.....	3
Usery, William J., Assistant Secretary of Labor, accompanied by Al Albert, Acting Solicitor, and James F. Scearce, special assistant.....	3

ADDITIONAL INFORMATION

Articles, publications, etc.:	
"Getting the Eastern Railroads Back on the Track," by Rush Loving, Jr., and Lenore Schiff, from Fortune, December 1972.....	12

APPENDIX

Public Law 93-5 (S.J. Res. 59), approved February 9, 1973.....	37
Senate Joint Resolution 59.....	39
Senate Report 93-18.....	43
Debate in—	
Senate	51-55, 74-75
House	55-74
Senate Joint Resolution 58.....	76
House Joint Resolution 331.....	77
Information supplied by Al Chesser, president, United Transportation Union:	
Background and summary of facts relative to a major dispute existing between the Penn Central Railroad and United Transportation Union which threatens to disrupt service on the Penn Central.....	83
Attachments:	
A—January 29, 1965, agreement.....	107
B—Carrier' notice.....	112
C—Report of Emergency Board No. 180.....	113
D—Copy of interim agreement of July 21, 1972.....	139

Information supplied by Al Chesser, president, United Transportation
Union—Continued

Attachments—Continued

	Page
E—Copy of report of standing committee-----	150
F—Reorganization Court Order 1055-----	161
G—Letter from George Stafford, Chairman, Interstate Commerce Commission, to Wright Patman-----	165
H—List of railroads where crew consist agreements exist and abstracts from such agreements-----	167
I—Charles Luna's letter of February 1, 1965, to subordinate union officers-----	189
J—January 27, 1972, national agreement-----	192
K—July 19, 1972, Manning agreement-----	233

PENN CENTRAL RAILROAD DISPUTE—FEBRUARY 1973

THURSDAY, FEBRUARY 8, 1973

U.S. SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The committee met, pursuant to notice, at 11:40 a.m. in room 4232, Senator Harrison A. Williams, Jr., presiding.

Present: Senators Williams, Pell, Nelson, Eagleton, Hughes, Javits, and Beall.

Committee staff members present: Stewart E. McClure, chief clerk; Robert E. Nagle, general counsel; Jeffrey D. Doranz, special counsel; and Eugene Mittelman, minority counsel.

The CHAIRMAN. We have called this meeting of the Committee on Labor and Public Welfare for a hearing on a resolution dealing with the Penn Central Railroad strike which is now in progress—a resolution which Senator Javits, Senator Stafford and I have just introduced.

At 12:01 this morning the Penn Central Transportation Co. began to implement its previously announced plan to eliminate approximately 5,700 railroad crew positions. At the same time employees of the company, represented by the United Transportation Union, initiated a strike action in order to preserve the jobs of its members.

The immediate issue in conflict with regard to the train crew positions has been the subject of a difficult labor dispute between the company and its employees for some time.

The recommendations of the Presidential Emergency Board No. 180 have not resulted in a settlement, nor have any of the other mediation procedures which have been undertaken in this dispute.

Compounding the already complex situation is the company's precarious financial condition, brought on by, among other things, a well-documented history of mismanagement. Trustees of the company currently undergoing bankruptcy proceedings have already indicated that even the elimination of 5,700 crew positions in dispute would not alone enable it to become financially solvent.

What is at stake is not only the jobs of the workers involved in this dispute, but the question of whether a large portion of the country is to maintain its rail transportation capacity as a viable means of providing passenger and freight service to its citizens and industry.

For too long now the administration has dragged its heels with regard to the problems of mass transportation, particularly in its refusal to take the initiative in the area of developing comprehensive plans for maintaining essential rail service.

Therefore, as a part of the joint resolution that we introduced today, Congress is calling upon the President to come forward with recommendations for such a plan within 45 days of the enactment of this joint resolution.

Following the submission of this plan, the President will then submit a report to the Congress on the progress of any subsequent negotiations between the parties and his recommendations for appropriate resolution of the dispute.

In order to allow the President to take these actions in a noncrisis atmosphere, the joint resolution extends section 10 of the Railway Labor Act for an additional period which in effect will require the parties to maintain the status quo, the no-strike situation, until May 9, 1973.

Senator JAVITS. Mr. Chairman, I shall be brief.

I join with the chairman in this resolution for the central reason, that it is the duty of the United States to keep an essential artery of transportation moving without taking any position to interfere with collective bargaining or prejudicing either the workers or management; in this case a bankrupt railroad.

The only authority capable of doing that is the Congress of the United States. I have grave doubts as to whether any court can, without a law, order these workers back to work. Perhaps it can, but I have doubts about it, and I do not believe the people should be left in doubt.

I think it is most regrettable that the railroad is shut down at all, and that that was not avoided by the enactment of the necessary permanent law.

This has been a terribly deplorable fault with every administration since World War II and with organized labor, too. They have simply refused to face the issue that the people of the United States cannot allow themselves to be immobilized by a shutdown, regardless of whose fault it is, of essential transportation facilities.

Finally, Mr. Chairman, it is really a disgrace that since 1963 we have passed nine separate laws in five separate railroad disputes, and one longshore dispute, and we do not as yet have a generic law on the books. But we do not, and Congress is responsible, as well as every administration which has been in office since these emergencies arose.

We are facing it again, and we must. I think it is our bounded duty, and I hope very much, Mr. Chairman, that the Congress in both Houses and the President will act to restore this essential transportation service today, as I do not believe the economic situation is such as to permit the country to wait beyond a very, very short period, numbered in hours, rather than even in days.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Javits.

Senator Eagleton.

Senator EAGLETON. I have no comments, thank you, Mr. Chairman.

The CHAIRMAN. In order to provide a description of the situation we face, our witnesses today will be Mr. W. J. Usery, Assistant Secretary of Labor, Mr. Al Chesser, president of the United Transportation Union; and Mr. Jervis Langdon, Jr., trustee of the Penn Central Railroad Co. In addition, Congressman Peter Peyser of New York has asked for a chance to be heard.

We will call Assistant Secretary of Labor Usery as our first witness. Mr. Usery, will you describe the situation we face in connection with this strike, and the depth of the crisis as you see it.

STATEMENT OF WILLIAM J. USERY, JR., ASSISTANT SECRETARY OF LABOR; ACCOMPANIED BY AL ALBERT, ACTING SOLICITOR, AND JAMES F. SCEARCE, SPECIAL ASSISTANT

Mr. USERY. I have with me today Mr. Al Albert and Mr. James F. Scarce.

Mr. Chairman, I do not have a prepared statement, but I have now, for over a year, spent many hours and many weeks trying to resolve this particular dispute and, as has been mentioned, we have had a Presidential Emergency Board with its report and recommendation, and also we have worked out during this period of time an interim agreement.

Further, when the interim agreement expired, we had a report from the mediator at that time. Then last month we got a 30-day extension to try further negotiations.

As has been stated, at 12:01 this morning, the United Transportation Union did strike Penn Central Railroad which covers the entire eastern corridor of the United States.

Realizing, Mr. Chairman, the impact it would have upon our economy, the impact upon this part of our Nation, we had worked, as I said, very long and hard, and had been unable to find any solution to this very difficult and complex problem.

The problem was compounded manifold because of not only the labor dispute but many other problems that face the Penn Central Railroad being in bankruptcy.

We not only met with the management of the Penn Central Railroad, we on a number of occasions met with the trustees. In fact, I even met with the judge who is refereeing the bankruptcy in order to avoid a crisis for which we are here today.

Certainly, as I see it, it would have a very serious impact upon our economy in the east, not only displacing members of this union, but members of other unions would be out of work, too, as well as the vast amount of shipping this railroad carries.

In fact, this railroad represents nearly 40 percent of the Nation's railroads. It serves all the eastern corridor as far west as Chicago and other areas. So it will have a very big impact upon our economy.

The CHAIRMAN. Before we deal with questions to you, Mr. Usery, Congressman Peyser, who will be active on this question in the House of Representatives, has a statement he would like to make.

STATEMENT OF HON. PETER PEYSER, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. PEYSER. Thank you, Mr. Chairman.

I appreciate this opportunity, and I certainly want to compliment you and this committee for moving as rapidly as you now have.

I would like to state that in my area in New York the urgency of this situation just cannot be overstated. I have over 70,000 commuters

in my area who are daily using the Penn-Central, and daily use it as a source of their own businesses in the only way they can really get to work.

We have no bus facilities that can begin to handle the traffic into New York City. My phones, as I am sure you can imagine, have been going since 7 o'clock in the morning, calls from irate citizens who are trying to get to work and just cannot make it.

I want you to know that in my belief the unions themselves will support this joint resolution, because they want to get back to work.

It is certainly not their intention to inconvenience the working people who are involved in this particular really tragic situation of another major strike.

So I simply want to say that I certainly urge you and the committee, and the Senate, to act favorably on this resolution.

Chairman Staggers has asked me to testify in his committee in the House, where I am leaving now to attend. I am hopeful this is going to move very rapidly, and that we can get the railroads back in operation no later than tomorrow morning, and I do thank you for this opportunity.

The CHAIRMAN. Thank you very much, Congressman.

Do you have any questions?

Senator JAVITS. No. I ask unanimous consent that the statement of Congressman Peyser follow this statement of Mr. Usery and his colleagues.

The CHAIRMAN. Certainly.

Mr. Usery, the Railroad Labor Act provisions did expire sometime ago; am I right on that?

Mr. USERY. Yes.

The CHAIRMAN. What was the date?

Mr. USERY. On March 31, 1972, Emergency Board No. 180 was formed. That Board held its hearings, and on June 15, 1972, the parties were legally free to resort to self-help action. The parties held off of their own accord and further negotiations took place under direction of the Emergency Board Chairman.

On July 12, 1972, the judge ordered the trustees to proceed with plans to reduce the crew sizes, and on July 14 we intervened informally and began to hold meetings with the parties.

On July 21 we were able to get the parties to agree to what we now refer to as an interim agreement to reduce crew sizes by 285 people over the next few weeks.

We appointed a neutral, in this case Monsignor Higgins, to work with the parties to see if they could further reduce crew size.

On November 30 Monsignor Higgins submitted his final report to the Secretary. Subsequently, we have met constantly with the parties to try to resolve it.

On January 8 of this year, 1973, the parties again agreed to another 30-day extension that I worked out with the parties at that time.

The CHAIRMAN. Was that first proposal of yours, a reduction of 285, agreed to, and did that go into effect?

Mr. USERY. That went into effect over the period of months. It was finally consummated by all the people, I believe, in December of this past year.

The CHAIRMAN. The crisis we are now in was triggered by the question of the reduction of the crews by one member on each train. Is that accurate or is it not?

Mr. USERY. The section 6 notice was basically to reduce to one and one the size of crews on all freight trains in the system. The 285 we did reduce were reduced out of that number of people. The total number of people that would be reduced I believe out of the full section 6 notice implemented would be about 5,000 or 6,000 people—about 5,700 people.

The CHAIRMAN. It is not our business at this point to get into the merits of the question of the size of crews, as Senator Javits explained just a few moments ago on the Senate floor.

However, to get an appreciation of the events that triggered this present stoppage I think we ought to have just a little bit of understanding of it. When you say reduction to one and one, what does that mean?

Mr. USERY. Well, going back, in 1965 Mr. Charlie Luna, who was then president of the United Transportation Workers and the then president of the New York Central, entered into an agreement.

That agreement called for two trainmen and a conductor, and now they are seeking to reduce that crew size to one conductor and one trainman.

The CHAIRMAN. Does this suggestion both embrace passenger and freight service?

Mr. USERY. No passenger trains were included in the reduction. It was road and freight trains.

The CHAIRMAN. This is exclusively freight?

Mr. USERY. Yes, sir.

The CHAIRMAN. And the trustees' position is that the crews should be reduced to how many?

Mr. USERY. One engineer, one conductor, and one trainman, but the union would only be concerned about the trainman and the conductor, because the engineer is represented by another labor organization.

The CHAIRMAN. This is for all freight trains. Some of these freight trains run to dozens of freight cars, do they not?

Mr. USERY. Yes, sir.

The CHAIRMAN. I gather one of the points made by the union in negotiations is the safety factor; am I right or wrong on that?

As I read it in the paper, I gathered that was one of its strong points.

Mr. USERY. Safety has been one of the key points, and that has been one of the most difficult issues, as to how to decide what would constitute a safe crew.

Safety has been the big factor in this. The union's position primarily is that many of the trains cannot be operated safely with 1 and 1.

On the other hand, management says they can be operated safely with 1 and 1.

The CHAIRMAN. This has not anything to do with the historical difference between the engineer and the fireman?

Mr. USERY. No, sir. This issue is not part of it.

The CHAIRMAN. That has been solved and put away?

Mr. USERY. Yes, sir. We think so and hope so.

The CHAIRMAN. Just one observation. I read the statements of one of the trustees, Mr. George P. Baker, who said:

Notwithstanding the resolution along the lines suggested by the trustees in this particular part of the situation, notwithstanding that, the Penn Central is headed for liquidation, going out of business, unless the Nation does something in the way of infusing new life and resources into it.

Have you heard Mr. Baker or any of the trustees say that?

Mr. USERY. Yes, sir, I have. When we first began the negotiations, and again in January, there was a question as to whether this carrier would have enough cash flow to operate during the months of February and March.

The union's concern was if they cannot operate, and they do have the cash flow through those months, what is the issue? Why are we talking about reducing crew size?

We subsequently met with the trustees, Mr. Langdon, and other people, and were able to ascertain, we thought, whether the carrier would have enough cash flow to operate during the months of February and March, and we thought that we were able to prove to the union that they could.

Subsequently, on February 1 the trustees had a report going to the judge, setting forth their needs, now referred to as their February 1 report, where they would need somewhere between \$600 to \$800 million to continue their operation or to reorganize by 1976. There were some other plans.

The union then felt that if they cannot operate even if we give them all the crews, we would still face liquidation or we would still face the same problem—in other words, that it would not be enough to save the carrier through the period of time.

The CHAIRMAN. I just have one more observation, then I will turn to Senator Javits.

The Wall Street Journal of yesterday quotes Mr. Baker as saying: "It is up to the Government to decide whether it wants to keep the railroad going."

He also said that, without a crisis, it may take Congress damn near forever to come up with the sought-after help.

Now, we have a crisis, and we are acting. This resolution calls for no strike for 90 days, and not later than 45 days from this resolution a report from the President of the United States on what our national policy should be with respect to this railroad.

Senator Javits.

Senator JAVITS. Thank you, Mr. Chairman.

Mr. USERY, what is the administration's position on this dispute?

Mr. USERY. As I know it, Senator Javits, the administration is desirous of free collective bargaining to work, if possible. We have utilized all provisions of the Railway Labor Act and there is nothing else for the administration to do.

The crew size being the issue that it has been in the past, it was felt that there was nothing else for us to do but to try to mediate the dispute by 12 o'clock last night, and every effort was made to do that.

In the past, we have had four strikes by different carriers over the crew-consist issue, and it was felt rather than to try to involve ourselves further in light of all the things that face both the carrier and

the union, we had to allow every bit of time we possibly could, and let free collective bargaining work if possible to do so.

That is why this morning we have a strike. I can assure you, Senator Javits, that the administration was deeply concerned, but at the same time seeking to let the collective bargaining process work, and to not involve ourselves any more than we have to.

It was felt we would certainly have to wait and see if they did strike. and what took place after that.

It was also felt that the impact of the strike, even though the inconvenience it was causing, the difficulty it would cause the shippers and the major manufacturers along the lines of this system, that certainly in a few days we were hoping that the parties would be ready to sit down and negotiate this matter.

Senator JAVITS. Can you tell us what is the administration's position on this resolution which would call the men back to work and continue the operation.

Mr. USERY. Senator, I have not had time to see the resolution which I have just received, and to my knowledge the administration has not formed any position on this resolution.

Senator JAVITS. Has it formed any position on any resolution which would restore the operation of the railroad?

Mr. USERY. No, sir. We have taken a position that we are going to call a meeting this afternoon at 2 o'clock for the bargainers, and make another effort around the clock to try to get the parties to reach an agreement voluntarily and return to work.

Senator JAVITS. Is it proper to say that the administration has not sought a resolution to continue the operation of the railroad?

Mr. USERY. To my knowledge, the administration has not sought any type of resolution.

Senator JAVITS. And is not seeking one now?

Mr. USERY. No, sir.

Senator JAVITS. I think that it is critically important to have on the record that the Congress in this case has taken action to initiate what it considers to be the proper course, and we hope very much that the facts which are adduced in the emergency will have their impact upon the administration too, just as it is expected to have its impact on workers and management.

We hope that the administration will join with us in the belief that this whole cause will be advanced further if the railroad does not stop, rather than if it does stop.

Mr. USERY, you said that this is indispensable transportation service, and that Penn Central constitutes 40 percent of the Nation's railroads. I gather you meant track.

Mr. USERY. Track; yes, sir.

Senator JAVITS. How many miles of track does Penn Central have?

Mr. USERY. I am not sure, Senator, exactly what number they have. I know that in this section of the country there is only about 3,000 miles of trackage by the Penn Central that is not serviced by some other railroad. We have taken a look at the total trackage in the East, and realize that over a period of time this would have a very serious impact, but again I say that seeking no further collective bargaining, seeking to avoid having to come to the Congress, seeking to avoid the

very thing we are facing now, we are hopeful that in the next day or so an agreement can be worked out.

Senator JAVITS. For how many days can we withstand this strike without materially curtailing the flow of goods and services in this area so as to constitute an immediate public emergency?

Mr. USERY. I believe there are possibly other people that would be more qualified to answer that question, Senator Javits, than I would be.

As I said, my role basically as Assistant Secretary, has been mediation and, not only listening to the parties, but trying to know as much about the subjects as I possibly can, but I think others may know the impact greater than I.

Senator JAVITS. Who are the others?

Mr. USERY. The Department of Transportation.

Senator JAVITS. So we should call the Department of Transportation?

Mr. USERY. As to the impact this would have upon the East.

Senator JAVITS. Is there anyone here from that Department today?

[No response.]

Senator JAVITS. Mr. Chairman, I hope very much, and I request the Chair to call immediately a representative of the Department of Transportation to testify to the facts.

The CHAIRMAN. Is it true that this railroad carries 20 percent of the Nation's freight?

Mr. USERY. I have heard that figure, Mr. Chairman, but, again, as mediator, I have not tried to ascertain if that figure is correct.

The CHAIRMAN. That has come to us from many quarters, and I take that to be fact. Of course its freight haulage is not within its system entirely; it relates to other railroad systems. It is woven together in the entire northeastern network.

Mr. USERY. Yes; it is interwoven with other railroads.

Senator JAVITS. Mr. Usery, we will call the Department of Transportation. I hope they respond. I would consider it most deplorable if they did not.

Now, Mr. Usery, could you tell us whether or not the continued operation of the system depends upon exclusively the Penn Central operating it, or whether it could be operated by others, or by other railroads, assuming that suitable arrangements were made?

In short, is the only alternative to what we face today a shutdown of the bankrupt Penn Central, or are there other alternatives such as the operation by the United States which would have the power to seize, or the operation by other railroads, with contiguous aspects, or the operation by States or municipalities or even other operators?

These are all options; are they not?

Mr. USERY. Yes, sir. The first option that you have stated is whether the Government could or should operate the railroad. I assume it could. I think it would be sad if we got into that, but nevertheless we could.

I think the one, Senator Javits, that has been talked about most and could possibly work is, if and when the railroad has to be liquidated, parts of it are run by other railroads.

I think there are portions that the Southern could run, that the B. & O. could run, that the Chicago and Northwestern, and various

other railroads could run, probably the important segments of the railroad that are vital to the health and safety of the Nation as far as transportation is concerned.

Senator JAVITS. In other words, Mr. Usery, the alternative to our present situation is not throwing a lot of money into the Penn Central; is that correct?

Mr. USERY. That is correct.

Senator JAVITS. Our duty is to see that the railroad operates, and not to bail out the Penn Central, and we are capable of doing that; are we not?

Mr. USERY. That is correct, and I do not think, Senator Javits, that the railroad needs to operate as much trackage as it presently operates, nor necessarily in the same fashion it has operated to serve the needs of the Nation.

Senator JAVITS. I do not want you to confirm or deny this, because I would not wish to embarrass you in your official position, but it is my understanding that it is a fact that because abandonment of trackage through the procedures of the ICC got very sticky that we are where we are?

Mr. USERY. It is my understanding and my belief that is a large part of our problem today; yes, sir.

Senator JAVITS. Do you believe that in order to do this effectively, in other words, to keep the railroad operating and rendering its essential service—and it is essential to the areas which it serves which are very extensive and critical to the Nation—that we need a considered and deliberative plan, and that you simply cannot pick up tomorrow morning and have somebody take it over?

Is that correct?

Mr. USERY. You are absolutely correct, Senator. In fact, it has to be a well thought out transportation plan for the east, serving the essential needs of the Nation.

Senator JAVITS. Therefore we have to have some period of time, no matter how little, in which to effectuate this and still keep the railroad operating; is that correct?

Mr. USERY. Yes, sir.

Senator JAVITS. Do you know of any other way to do that, other than by law passed by the Congress?

Mr. USERY. The only other way is by making collective bargaining work, and that is something the parties have been unable to do.

Senator JAVITS. That has failed.

Mr. USERY. Yes, sir.

Senator JAVITS. Without in any way blaming any party we face the fact of failure.

Mr. USERY. Yes, sir.

Senator JAVITS. So the only alternative for us, if we are convinced that a regional emergency amounting to a national emergency requires the operation of this railroad, is to pass a law to see that it operates; is that correct?

Mr. USERY. That is correct. That is the only assurance for it to operate.

Senator JAVITS. Thank you.

The CHAIRMAN. Senator Eagleton.

Senator EAGLETON. Mr. Usery, is it your position that the administration takes no position on this joint resolution? It is neither for it nor against it?

Mr. USERY. Senator Eagleton, as I stated, I would not know because I did not see the bill until I arrived here, and have not even had time to read it through, so I do not think there is any position taken.

Senator EAGLETON. I know you have not had a chance to read it until very recently, but insofar as the administration is concerned, up until this time this morning, 10 minutes after 12, the administration had not planned on introducing anything but to go ahead with the free collective bargaining process this afternoon at 2 o'clock. Was that your intent?

Mr. USERY. Yes; sir, in the past we have been chastized, I feel unfairly for coming to Congress prematurely when a dispute occurred, rather than letting free collective bargaining work. As I see it, and as I believe the administration sees it, this is only partly a labor dispute.

In fact, the crisis did not really come about by the labor dispute. There are so many factors in this. As I was told by many people, even if we could agree exactly what the carrier was asking, we would still face a crisis on this carrier.

Senator EAGLETON. Because of its precarious financial position?

Mr. USERY. That is right.

Senator EAGLETON. I will not probe in any great depth on this, but I do want to ask you whether the administration has a current position with respect to a generic law dealing across the board with all labor disputes in the transportation industry on an emergency basis?

I am referring to what I used to call the Schultz plan, part of which contained the last best offer—what is the current position?

Mr. USERY. We do not have any legislation pending in that area. As the President said, we would discuss that further within the new administration.

Whether we will be able to come up with new legislation, I do not know, but as of this moment we do not have it.

Senator EAGLETON. You are going to meet at 2 o'clock this afternoon with the parties?

Mr. USERY. Yes, sir.

Senator EAGLETON. Do you have any reason to be more optimistic that some kind of settlement will take place this afternoon than you were last night or yesterday afternoon?

Mr. USERY. No, sir; I do not, but I think it is imperative that we continue to try to reach a solution through collective bargaining.

Senator EAGLETON. Thank you.

The CHAIRMAN. On that point, you have no feeling of optimism that another meeting this afternoon is going to resolve the specific dispute?

Mr. USERY. No, sir; I know of no change in the parties, and I have talked to the parties this morning, and I talked to them late last night.

I have talked to them since the strike this morning, and I do not see any break on either side at this time, but that does not mean we should not continue collective bargaining to try to find a solution.

The CHAIRMAN. Is part of it the fact that the makeup of the crew is only one of the problems that this railroad faces? That is part of the overall picture, isn't it?

Mr. USERY. Yes, sir; just part of the overall picture and one of many problems.

The CHAIRMAN. In other words, the working people on the railroad are faced with the fact that even if the crew is reduced, the railroad still has no hope of its operations continuing very long without some new national policy; is that right?

Mr. USERY. It is my belief that this is the genuine feeling among the union people that I have talked to, and I have talked to many in the union.

The CHAIRMAN. That would certainly be what Mr. Baker is talking about, and that is why this resolution calls for this period of continuation of operations without a strike, giving the administration an opportunity to develop a national policy that would address itself to our essential transportation needs.

It is as simple as that.

Senator Beall.

Senator BEALL. Thank you, Mr. Chairman.

Mr. Usery, with reference to the line of questioning a minute ago, you suggested when you go back at 2 o'clock this afternoon you do not see any hope for settlement today. Are you encouraged that the settlement will come about as a result of collective bargaining?

Mr. USERY. Senator, I have great faith in free collective bargaining, and I realize that strikes sometimes go on for a long time. Certainly in a few days, 5 days, 8 days, something around there, there is a period of time when the carrier could no longer operate, because it could not get started because of the loss of revenue—shipping, all the other things.

Hopefully both parties would recognize their responsibility to try to find a solution.

Although I do not see any break in the negotiations at this time, I do believe in due course there certainly will be.

Senator BEALL. It is just a matter of days then that the railroad can survive. If it appears there is no hope of settlement, it would seem to me to be prudent to pass this resolution. I do not want to put words in your mouth, but if you were serving in the Congress, would you not think it would be prudent, if you want to protect the ability of someone to move large numbers of people and guarantee they get back and forth to their employment, or if you want to make sure there is enough coal and oil to operate heating systems up and down the eastern seaboard, or to make sure certain sections of the country are served when they have no other way of being served, would it not be prudent to pass a resolution of this sort?

Mr. USERY. Well, Senator—

Senator BEALL. I will not ask the question. I retract the question. I think I made the point.

One further question. With regard to Senator Javits' question about alternatives, if you use the alternative of letting other competitors or other railroads pick up the service, you have to assume they will only pick up that part of the service that would be profitable to them, would you not?

Mr. USERY. Unfortunately as a nation we face many nearly bankrupt railroads in the east. There are very few in fact, hardly any, operating in the black in the east.

It is the thought that many of these railroads would be more than happy to pick up most of this freight that would be hauled, or they could haul over their own track.

I think the first few days is truly an inconvenience and a loss certainly to us as a nation, but in a few days alternate routes would be provided. We would continue with inconvenience, and there is a period of time where we could go no longer as a nation.

I understand this as far as the public interest is concerned, and I believe that the carrier has told me, indicated to me, it could not stand a strike of more than 10 days because it could not start operation again; they would not have enough cash to even start the railroad back up.

Senator BEALL. Mr. Chairman, I think Fortune magazine had a very interesting article on railroad problems recently, and there are two quotes in there that deserve mention at this time, because I think there is a lot of blame that has been placed in this room where the blame could go everywhere.

(The quotations referred to from Fortune, December 1972, follow:)

* * * The fact is that virtually all the northeastern roads are now suffering financial misfortunes similar to the Penn Central's. Their collective plight is of such mammoth proportions and so urgent that it can honestly be called a crisis.

* * * * *

To cure all this will require a drastic reorganization. The railroad companies must be consolidated into two strong competitive systems, preferably networks that will span not merely the East but the entire nation. Unneeded branch lines and superfluous railroads must be shut down, and the remaining roads must concentrate on long-distance freight business rather than the short-haul markets that trucks serve more efficiently. The federal government must adopt a national transportation policy and reform regulatory procedures that are generally counterproductive. And railroad men must start to cooperate among themselves and cease the bitter internecine struggles that have impeded the industry's progress.

Senator BEALL. I think these quotes indicate the extent of the problem and the extent we are going to have to go to find the solution, because everybody is going to have to cooperate.

Mr. Chairman, I would ask that this whole article be included as part of the record.

The CHAIRMAN. It will be.

(The article referred to follows:)

[From Fortune, December 1972]

GETTING THE EASTERN RAILROADS BACK ON THE TRACK

SIX LINES HAVE HIGHBALLED INTO BANKRUPTCY, AND OTHERS MAY BE HEADED THAT WAY. A DRASTIC REORGANIZATION IS URGENTLY NEEDED

(By Rush Loving, Jr.; Research associate; Lenore Schiff)

In the two years and five months since Penn Central Transportation Co. fell into bankruptcy, much has been written about the mismanagement, bad service, and scandals which plagued that railroad just before it went under. To be sure, these were among the immediate causes of bankruptcy, but equally important were less-publicized long-term problems that have affected every railroad in the northeastern part of the U.S. The fact is that virtually all the northeastern roads are now suffering financial misfortunes similar to the Penn Central's. Their collective plight is of such mammoth proportions and so urgent that it can honestly be called a crisis.

No fewer than six of the eleven major northeastern roads are in receivership, and events could force at least one other into bankruptcy. Two of the bankrupt roads are in such bad shape that their creditors have asked that they be liquidated, their trains stopped and their properties sold piece by piece from the courthouse

steps. "It's as if you were in an auto, driving to the edge of a cliff at high speed," says John P. Fishwick, president of the Norfolk & Western. "It's time to ask what we are going to do. Are we going over the cliff, or will we put on the brakes, or turn in the opposite direction?"

The basic problem is that the railroads were built in the nineteenth century to serve markets that have changed radically since then. Many roads made their living carrying high-sulphur steam coal, but environmental restrictions have put a virtual end to that business. Three lines were laid expressly to carry anthracite, which was once widely used to heat homes in the Northeast. Since World War II, competition from oil and gas has destroyed the market for anthracite, but the railroads that hauled it remain—with too little business and too many tracks to maintain. Little Wilkes-Barre, Pennsylvania, which lacks industry and has been depressed by the loss of the anthracite business, is still being served by no fewer than four railroad companies. The decline of many old manufacturing industries has also hurt. The hat factories of Danbury, Connecticut, used to fill half a dozen boxcars each night on the old New Haven line, but there's hardly a hatter in Danbury anymore.

The newer industries of the Northeast generally specialize in such services as research and development or produce smaller, lighter goods like computer hardware and electronic parts. These products are normally shipped on trucks, which have drawn millions of tons of freight traffic away from the rails by offering more flexible door-to-door service. The railroads themselves must take some of the blame for the trucks' inroad into their markets. "I'm afraid what's happened over the years is that we've concentrated on steel and coal and we've let the other traffic go on the highway," acknowledges William H. Moore, president of Penn Central. Interstate highways now parallel most major routes of the Penn Central, and most of the way from New York to Chicago they lie in full view of the Erie Lackawanna main line. As the New England Thruway was being built from New York to Boston in the mid-1960's, freight traffic along the adjacent main line of the New Haven declined by nearly 50 percent.

High labor costs and the short-haul flexibility of trucks have forced the railroads to depend on long hauls—say more than 300 miles—to make money. Yet the eastern lines were built for short hauls. Only two railroads, the Penn Central and the Erie Lackawanna, stretch all the way from Chicago to New York and only the Penn Central goes on to Boston. To get from the Midwest to New England, a freight car frequently runs over three or four different railroads. Each time it changes lines the car is handled by another crew, and it can be held up for as long as two days undergoing reclassification.

To cure all this will require a drastic reorganization. The railroad companies must be consolidated into two strong competitive systems, preferably networks that will span not merely the East but the entire nation. Unneeded branch lines and superfluous railroads must be shut down, and the remaining roads must concentrate on long-distance freight business rather than the short-haul markets that trucks serve more efficiently. The federal government must adopt a national transportation policy and reform regulatory procedures that are generally counterproductive. And railroad men must start to cooperate among themselves and cease the bitter internecine struggles that have impeded the industry's progress.

POCAHONTAS AND THE GHETTO

The only really prosperous roads in the Northeast are the Norfolk & Western and the Chessie System, which includes two jointly owned lines, the Chesapeake & Ohio and the Baltimore & Ohio. Both the N.&W. and the Chessie System have been virtual money machines. They earn lush royalties from the large deposits of low-sulphur coal that they own in the Pocahontas fields of West Virginia, and they haul the coal downhill to export piers at Hampton Roads and generating plants in the Midwest. This year the N.&W. and the Chessie should post ordinary earnings of more than \$125 million.

Unlike the prosperous lines, the beleaguered Penn Central has much of its business in the area east of Pittsburgh and Buffalo, where the hauls are shorter, the terminals more abundant, and the labor costs and real-estate taxes higher. "This is what you might call the ghetto of the transportation industry," says Fishwick of the N.&W. Last year the Penn Central lost \$285 million, before extraordinary write-offs. The road has been improving its operations, and this year the deficit could be cut to \$190 million.

The Penn Central's strategy is particularly important because it will greatly influence the fate of all the other roads in the Northeast. The road's recovery has been spurred by one of its trustees, Jervis Langdon Jr., a former president of the B.&O., and by Moore, a tall, big-boned Kentuckian who headed operations at the Southern Railway before becoming the Penn Central's president soon after its bankruptcy. Self-confident as a divine-right monarch, Moore has issued do-or-die edicts with the determination of General Pickett at Gettysburg, whacking down the payroll, cutting yard costs, and increasing the utilization of cars. Now he and Langdon are stepping up marketing efforts—especially in the race for long-haul piggyback business. "I know how to run a railroad," Moore declares, with typical self-restraint.

The Penn Central's four trustees predicated their reorganization plan on the assumption that the railroad would increase its freight tonnage by 17 percent from year-end 1971 to the close of 1976. Since eastern rail traffic has been declining for six years, it is fairly clear that, to succeed, the Penn Central will have to steal that extra tonnage from its competitors. Shippers are already giving Penn Central more business because of its improved service and the long through routes it gained in the merger. But government experts, Penn Central creditors, and other railroaders are convinced that the trustees' goal is unrealistic, and now at least one of the trustees has begun to have serious doubts. In the privacy of their Monday meetings in Philadelphia, Langdon has expressed the view that because the traffic forecasts are overoptimistic, the Penn Central cannot be reorganized by the 1976 deadline.

LOST IN THE FLOOD

Whether it makes that deadline or not, one thing is certain. The Penn Central's frantic drive for freight will hit the East's eight smaller roads the hardest. Only three of these lines are still solvent and even their futures are insecure. Profits on the Maine Central are not what they once were. The historically prosperous Western Maryland has lost valuable coal tonnage, and the floods that washed through its main line last June threatened to push it into bankruptcy. The Delaware & Hudson may eventually face receivership as well. The D.&H. serves mainly as a bridge to New England for railroads from the South and Midwest, but the Penn Central now offers faster competing service, thanks to its through routes.

The remaining roads have been in trouble for years because their freight volumes have been too small to support their plants and their debt. The Erie Lackawanna went bankrupt last June and has a \$313-million debt and only \$269 million in operating revenues because it competes for long-haul traffic with the Penn Central, the Chessie System, the Lehigh Valley, and the N.&W. The Reading has been profitable in only two of the last dozen years, partly because its routes wind around the river valleys of eastern Pennsylvania, paralleling the Penn Central. "We serve exactly the same points," says Penn Central's Langdon. "There is no damn reason in the world why the Reading shouldn't go out of existence."

For decades, the Lehigh Valley and the Central Railroad of New Jersey fought for the declining anthracite business; they ran together almost all the way from Jersey City to Wilkes-Barre until last April, when the C.N.J. finally turned part of that route over to the Lehigh. Neither the Lehigh nor the C.N.J. has made money since 1957, and creditors are seeking liquidation of the C.N.J. Creditors also insist that the Boston & Maine should be put on the block; they argue that there is only enough business left in southern New England to support one railroad—the Penn Central.

As they struggle for survival in a shrinking market, the railroads have become locked in ruinous rivalry. They have generally been led by strong men with unfaltering egos who have lived side by side with about as much ease as Jay Gould and Commodore Vanderbilt. Jervis Langdon is locked in battle with Carl B. Sterzing, Jr., thirty-nine, a former N.&W. lawyer who is now president of the D.&H., and disdainfully refers to him as "this kid they sent up from the law department—I forget his name—he's always screaming to the newspapers." Rather than cooperate to improve service and capture business from the truckers, railroad men frequently fight each other over prices, rate divisions, and access routes to the more lucrative markets (see page opposite). When one railroad president comes up with a money-saving innovation, others often refuse to adopt it, simply because it was conceived by a rival. The Lehigh's trustees contend that the only way to save that line is to merge it first with the Reading and the Central of New Jersey and then with other lines. But the chances for immediate merger are slim because

the conflicting personalities who run the Lehigh and the C.N.J. have been unable to agree.

Whenever a rail merger is proposed, there is at least one railroad that thinks—usually with some justification—that its interests will be hurt. Railroads opposing mergers fight each case through the Interstate Commerce Commission, and if the commission approves the merger, they take their pleas to the courts. No fewer than fifty-one railroad companies intervened in the Penn Central merger, and by the time the proposal got through five years of legal wrangling, the Pennsylvania and the New York Central were too weak to sustain the heavy costs of consolidation.

A SPECIAL RATE FOR YAK FAT

When a railroad proposes a new freight rate, opposing roads stall it with an arsenal of weapons supplied by the ICC's outdated system of rate making. First, ICC rules normally require the railroad to wait thirty days for all interested parties to hear of the proposal. If there is any opposition, the ICC can then suspend the rate for up to seven months. "I've made rates for the summer grain business, and the commission has suspended them until winter," says John R. McMichael, the Norfolk & Western's vice president for pricing and marketing.

Legal obstructionism is so automatic and so unthinking that railroads will oppose almost any pricing change by almost anyone. In the mid-1960's a trucking company asked for the ICC a special rate for hauling yak fat. All the western railroads immediately filed their opposition, and the ICC put the tariff into suspension pending a hearing. The trucker let the matter drop because he had already proved his point. Since yak fat comes from a Central Asian animal and no commercial use has ever been found for it in the U.S., he had filed the tariff simply to demonstrate that any time a trucker proposes a special rate the railroads will try to block it. A railroad could have filed the same tariff and drawn the same opposition.

The railroads continually squabble over how to divide the revenues on freight that travels over several lines. The eastern roads generally claim that when they divide revenues with western and southern roads, they are not fully compensated for the higher costs of their many terminals and shorter hauls. They argue these disputes in time-consuming judicial hearing before the IDC, which has no machinery for compulsory arbitration. This ponderous procedure, coupled with the railroads own fragmentation, discourages many roads from seeking long-haul business that they might otherwise handle—and a lot of that traffic ends up on trucks. The Norfolk & Western, for example, would like to haul poultry feed from the Midwest to New England. "We're trying to work out a rate with the Canadian Pacific," says an N.&W. marketing man, "but the C.P. wants too much. We can't use American railroads because we would have to divide the revenues four or five ways."

THE SAD SAGA OF CHIEF WAWATAM

While the railroads tear at one another, outside interests thwart the roads whenever they try to streamline their plants by abandoning needless branch lines. The Penn Central has dozens of superfluous branches, two and three miles long, carrying as few as five or ten carloads a year. Yet the railroad must serve them, often diverting a four-man switching crew, an engine, and a caboose for two hours or more just to deliver a boxcar half filled with lumber. The Millstone Running Track, a 3.6-mile branch line west of New Brunswick, New Jersey, runs through a residential area to serve a single plant of Laurie Rubber Reclaim Co. It has been a millstone around Penn Central's pocketbook. During the entire first half of 1972, Penn Central delivered six cars to the Laurie plant; its revenues came to \$1,383 and its costs \$3,862. The mathematics cries for some form of relief, because no carrier, no matter how rich or how big, can afford to carry this kind of business.

"Today," says Gregory W. Maxwell, president of the Erie, "when you want to abandon a little branch line, you get opposition from municipalities and states and sometimes the federal government. We have to prove our case nine times over." Every time a station is closed, even if it does no business, the local town objects, because it seems to symbolize the community's demise. Whenever a yard is closed or jobs jeopardized, the unions object. The unions sometimes enlist the aid of such friends as Governor Milton J. Shapp of Pennsylvania, who built his political career on opposition to the Penn Central merger and has opposed every major abandonment application filed in his state. The irony is that every one of Pennsylvania's principal railroads is now in financial trouble.

Because of cumbersome procedures, contested abandonments can drag on for as long as three years, and even then they may be rejected. Take the case of Chief Wawatam, a sixty-one-year-old rail ferry that the Soo Line and Penn Central operate across the Mackinac Straits in northern Michigan. In 1951 the Chief Wawatam was carrying nearly 35,000 carloads a year, but a new bridge across the straits diverted traffic to the highway. By 1963 traffic had fallen to 8,571 carloads and the Chief was losing \$212,467 a year. The roads asked the ICC to let them shut down the Chief and send their cars by other routes, but the state of Michigan, the rail and maritime unions, shippers, and local municipalities all opposed them. The ICC rejected the request nearly two years later.

Since then the Coast Guard has forced the roads to replace the Chief's six old steam boilers and replat part of the hull. Two years ago the roads again asked the ICC to let them abandon the ferry service and again they met the same opposition. "The Congressmen and the Senators up there, they really put on the pressure," says Penn Central's Moore. "In fact, they think the ferry belongs to them." As the case awaits another decision, the Chief Wawatam is losing more than \$600,000 a year. And to meet the state's environmental standards the roads must replace the Chief's brand-new coal boilers with oil boilers or diesel engines.

THE CASE FOR TWO RAIL SYSTEMS

Railroad executives in the Northeast have been searching for solutions to their whole range of problems for a long time. Some of them, including Langdon of the Penn Central, believe that the answer might be to consolidate all the lines in the area into a single regional railroad, a Northeastern Rail Corp. As in any other industry, however, when a railroad gets a monopoly it tends to become arrogant and sloppy (although, to some degree, competition from other modes of transportation would keep even a monopoly railroad on its toes). For this reason, any move toward a single rail system would no doubt collapse under the united opposition of shippers, politicians, and unions. But the case for consolidation is so obvious and powerful that most of these interest groups would support the formation of two competing systems. Even such staunch opponents of rail mergers as Pennsylvania's Governor Shapp now recognize the necessity of consolidations in light of the present crisis; Shapp says he generally favors the idea of linking the Reading, the Lehigh Valley, and the Central of New Jersey.

Redrawing the railroad map will inevitably cause argument. "Everybody wants the white meat," says a veteran railroad president, "but nobody wants the guts." The most practical step is to merge the two most prosperous roads—the Chessie System and the Norfolk & Western, a proposal the roads themselves made in 1965 (and later dropped when the Penn Central's collapse made merger a dirty word). The Delaware & Hudson and the Western Maryland, which are owned by the prosperous roads, would perforce be included in the merger. The consolidated company could then take over the Erie Lackawanna and enough pieces of smaller lines to give it access to New York and Boston from the South and West. The Penn Central should acquire the remaining properties of the Reading, Lehigh, C.N.J., and Boston & Maine to pick up enough traffic to fulfill its own organization plan. The acquiring companies could finance the deals by giving mortgage bonds, stock, or cash to the smaller lines' creditors. All unprofitable branches and duplicating yards, shops, and main lines would be abandoned as part of the reorganization.

Each of the merged systems would then offer fast service on through routes by eliminating the time-consuming transfers from line to line. Each could aggressively solicit new business without having to haggle about how to divide up the revenues. Each would be financially sound, for while there is not enough freight to support ten major roads, there is plenty for two. The utilization of cars and other expensive equipment would increase because the two roads would have the expertise and size to operate the most advanced computerized car-control systems. Improved operating methods would also have a better chance to gain acceptance. "It's very much easier for one president to deal with three superintendents," says John W. Barriger, chief executive of the Boston & Maine, "than for three presidents to deal with each other."

The railroads cannot restructure themselves without government help, but thus far the government has done little. The Department of Transportation seems to be interested mainly in passenger trains and commuter services rather than freight, a situation that underscores once again the railroad adage that "goods don't vote." The ICC, after years of indolence, is trying to reform its ponderous regulatory system, but a complete reform requires new laws from Congress. And

Congress has done virtually nothing about railroad problems, its legislative record seldom rising above parochial concerns. For years the interests of local truckers, unions, and chambers of commerce have held more sway on Capitol Hill than has the nation's need for a well-coordinated and efficient rail network. Complains one trustee: "Nobody gives a damn. There is no policy. They make all kinds of maps and things at D.O.T., but they don't do anything."

A FREER CHOICE FOR SHIPPERS

The first thing that needs to be done is for the Department of Transportation to formulate a policy on transportation that defines the country's requirements and determines how they should be met. Fundamental questions important to railroading and shippers need to be resolved, such as whether the railroads should be allowed to expand into all other transportation modes, which they are restricted from doing today. If D.O.T. permitted such diversification, the roads would use their rail facilities only when these proved to be the most economical means of transportation and would substitute ships, barges, planes, or trucks when these modes turned out to be more practical. Shippers would benefit by being able to deal with a general transportation company that could move goods by the best means, whatever it might be.

D.O.T. should also decide to what extent environmental concerns should influence government policies involving the railroads. Trains create less pollution and use less fuel than trucks and airplanes do in moving the same amount of freight. But because the government provides other carriers with highways, airports, and traffic-control systems, the railroads are placed at a disadvantage by having to maintain their tracks and pay interest on the mortgages that finance them. If environmental concerns are considered important, the least that government can do is to end the tax gouging that some communities inflict on the railroads. Last year the tottering Delaware & Hudson had to pay out 7 percent of its modest \$45 million in revenues for local real-estate taxes.

Perhaps most important of all, Congress should grant power to the ICC to help restructure the railroads to meet the nation's needs. As things stand today, the ICC has to assume a passive role, ruling on mergers only when they are proposed by the roads. Chairman George M. Stafford has tried to encourage the eastern railroads to consolidate, but under the limits of the law he has had to do so unofficially (and even secretly) in private letters to state governors and in personal talks with railroad executives. Congress should authorize the commission to act as a marriage broker, openly helping the railroads to work out mergers that will create a system that the commission itself envisions.

THE COURTS OFFER AN ANSWER

In the absence of firm action by the executive or legislative branches of government, the federal courts have stepped into the void and are reshaping the railroads themselves. Five judges in four cities have jurisdiction over the bankruptcy cases; their duty is to protect the creditors and, if possible, to keep the railroads running. Each judge, after hearing the proposals and arguments of the trustees and the creditors, can order a capital reorganization of the bankrupt company, the company's sale to another railroad, or the sale of some of its assets. Whichever course the court chooses to follow, its final order must be concurred in by the ICC, and the commission can alter the terms of the decision if it desires. This complex procedure was set up so that the ICC could ensure that the reorganized railroad would adequately serve the public interest. But it is a long and drawn-out affair, because shippers and other small factions wind up fighting before the ICC to promote their own special interests.

For many years the courts would wait hat in hand for the ICC's approval of their decisions. But they have a certain leverage of their own and, of late, they have been using it to foster needed change. If a bankruptcy judge believes that delay will hurt the creditors, he has the power to shut down a railroad and liquidate it without getting ICC permission. In 1968 Judge Robert Anderson of the federal district court in New Haven set a precedent by issuing an ultimatum that unless the bankrupt New Haven Railroad were merged into Penn Central by year-end, he might force the New Haven to shut down. The ICC had required the inclusion of the New Haven in the Penn Central merger, but the Penn Central and the New Haven were still negotiating the terms of the deal. Judge Anderson ruled that the negotiations were prolonging the bankruptcy to the detriment of the creditors, and his ultimatum forced Penn Central to take in the New Haven without further delay.

Last year Judge Anthony T. Augelli of the federal district court in Newark expanded the court's power by ordering the Jersey Central to halt its operations in Pennsylvania without waiting for the ICC's approval of the C.N.J.'s abandonment petition. Judge Augelli's order stipulated that if the ICC later refused to approve the abandonment, the entire operations of the Jersey Central—not only in Pennsylvania but also in New Jersey—would be discontinued and the railroad liquidated. The ICC had little choice but to approve the railroad's abandonment petition—which had been languishing before it for seven months owing to opposition from scores of shippers, communities, and other interests.

Armed with powers they seem willing to wield creatively, the courts could restructure the entire northeastern railroad network—and perhaps, in the absence of the proper reforms in Washington, they will do just that. The bankruptcy judges are aware of the symbiotic relationships among the railroads whose fates lies in their hands, and they are taking extraordinary measures to confer with one another—and even sometimes to argue—as they try to resolve the railroads' problems. They are acting as virtual board chairmen for the bankrupt roads, and some are now showing a knowledge of railroading that most Congressmen and even some regulators lack. By appointing a group of special masters and instructing them to confer with one another, the courts could produce coordinated reorganization plans for all six bankrupt roads, which would provide for the abandonment of excess lines and the merger of the smaller roads into two larger systems.

The courts have no power to force the Norfolk & Western and the Chessie to participate in this restructuring, nor do they have the power to initiate the merger of those two roads. But since the N. & W. and the Chessie System both need access routes to New England and New York, it is unlikely that they would oppose such a plan. To ensure that the Norfolk & Western and the Chessie do not acquire valuable properties at firesale prices, the masters would have to recommend a fixed price for each line that these railroads take over. By threatening to shut down all six bankrupt lines, the courts could easily obtain ICC approval for restructuring the industry. Railroad lawyers who are experienced in bankruptcy proceedings say that this procedure appears to be legally practicable. "This is the seed of a good idea," says the lawyer for one bankrupt line. "The judges could be a catalyst in leading the way out of a very complicated problem."

IT IS STILL UP TO WASHINGTON

That the bankruptcy courts may become, as a last resort, the forge for reshaping the northeastern roads is a sad commentary on the institutions that are charged with transportation policy. The judges have learned a great deal about railroading, and they may be immune from provincial political pressures, but the laying down of public policy on transportation remains the duty of the executive and legislative branches. There is still time for Congress and the appropriate agencies to act, but they must move soon. Similar situations are developing in other sections of the country, too. Three railroads in the Midwest—the Rock Island, the Milwaukee, and the Chicago & Northwestern—are already potential candidates for bankruptcy. But that's where we came in . . .

Senator JAVITS. May I ask unanimous consent that the hearing record include the resolution which we have introduced and by the resolution which Senator Griffin has introduced seeking the 30-day operation as the proper legislative basis for this hearing?

The CHAIRMAN. It will be included.

I know the resolution we provided has been referred, and I am assuming the Griffin resolution has, too.

Senator JAVITS. May I ask one question of the witness, Mr. Chairman.

The CHAIRMAN. Certainly.

Senator JAVITS. We allowed, did we not, Mr. Usery, the New York Central and the Pennsylvania Railroad to merge; is that correct?

Mr. USERY. Yes, sir.

Senator JAVITS. Is it not a fact that that created an entity so great as to imperil the public interest if that entity had to shut down?

Mr. USERY. Shut down for any length of time; yes, sir.

Senator JAVITS. Therefore, is it not our duty to stand responsible for the consequences, having authorized the original merger?

Mr. USERY. Yes, sir; I would think so.

Senator JAVITS. So the real difference, is it not, between what seems to be—I do not want in any way to embarrass you; you do not have instructions, and you should not be pressed to invent your own—the administration obviously does not have a policy yet calling for this resolution.

I do not wish in any way to entrap you in this regard, but is it not a fact that there seems to be developing a difference in policy?

On the one hand there is the idea of letting the strike run on for some days—we do not know how many because we do not know what this area can stand in terms of bloodletting—on the theory that is the best way to ram the crisis home to everybody so they will act?

Or the choice which the resolution offers, to keep the road operating, and to demand by law that means for continuing vital railroad operation in a given area be developed within that time in a considered way?

Would you not say that seems to be the choice between the two different policies?

Mr. USERY. Yes, sir.

Senator JAVITS. The reason I asked you that is because I wish to emphasize that I am for the latter policy. That is why I have joined in this resolution, to wit, that it is our duty to keep these wheels rolling, and that it can be done consistently with a suitable plan to be implemented, considering the deplorable condition of the Penn Central and the demands of its employees.

Mr. USERY. I might offer just one thing, Senator Javits. My only concern in this is whether 90 days is enough time to develop the type of program that needs to be developed.

Senator JAVITS. You think 90 days is too long or too short?

Mr. USERY. I think it is too short for the type of program that needs to be developed in this area.

Senator JAVITS. Is it not true, Mr. Usery, and we are not children here, that if we continue the operation of the railroad that favors the workers because they do not get the new work rules, they go on operating under the old work rules, do they not?

Mr. USERY. Yes.

Senator JAVITS. Do you not think we have to avoid and to keep to a minimum any favoritism either to the workers or to the owners who are really the investors and the creditors that the trustees represent, and we can do that best by keeping this period short rather than extending it?

That is what appears to me to be the case.

Mr. USERY. Yes, sir. We can.

Senator JAVITS. It seems to me 90 days is too long because we want to be evenhanded in this. I am all in favor of collective bargaining, and I may have my own views as to who is right and who is wrong, but we in the Congress, it seems to me, must keep our eye on one goal, and that is to operate this railroad in the interests of the people.

Mr. USERY. Yes, sir. One of the points that we felt, and we have weighed everything in the last couple of days—discussing this with the Secretary of Labor and other people—was that if the strike did

occur, that we would hopefully get it over in a few days, and the Government would be out of it, and we would not have to take a position as far as the union is concerned, as far as management is concerned.

Senator JAVITS. With the difference that I believe that it is our duty if we can, as far as American workers are really disciplined in that regard, and obey the law, that if we can, if its our duty to prevent a shutting down, and I think we have enough muscle to see that the right thing is done anyhow, so long as Americans still obey the law.

Mr. USERY. Yes, sir, and I have a firm commitment—and I believe this union would anyway—I was told last night that anything we told them to do, there was no reason they would not obey it.

The CHAIRMAN. Thank you very much, Mr. Usery. Will you stand by during the balance of this hearing? We do not expect it to continue long into the afternoon, but could you stand by?

Mr. USERY. Thank you very much. I will be glad to stay here.

The CHAIRMAN. We are very pleased to have with us today Senator Vance Hartke of Indiana, a member of the Commerce Committee and chairman of its Surface Transportation Subcommittee. Senator Hartke's responsibility deals with the nonlabor aspects of railroad transportation.

STATEMENT OF HON. VANCE HARTKE, A U.S. SENATOR FROM THE STATE OF INDIANA

Senator HARTKE. Let me say I want to thank you, Mr. Chairman, for permitting me to be with you today. I want to urge strongly that this committee act, and the Congress act, in favor of one of these two resolutions to prevent the railroad from ceasing its operations.

I might point out we had planned last week to release a year-long study on the Penn Central problems. We are in the process of releasing that this afternoon.

The difficulty that is being forced upon the public at this moment has already been indicated in our office by the people who are telling us, for example, Chrysler, that it will be a matter of days before they will have to close down; the steel industry has already told us it will be a matter of days before they will have to close down, and the transportation of individuals by public conveyance I understand is in the neighborhood of 1,600,000 in the Northeastern region.

The difficulty is that this will prevent us from really dealing effectively with some of the short-range and long-range problems which Penn Central presents.

I think the trustees unfortunately have acted in what I consider a manner which is not in the best interest of the Penn Central or the Nation, and I have been working with them very closely to try to bring some type of financial help to them. They have indicated it is going to take about \$1,600 million to get them operating in the next few years. I think the Congress has to face up to the problem as to what we are going to do, and whether we are going to apply a regional approach, what we should do with the other railroads which are on the edge of bankruptcy.

I certainly think this resolution should be adopted, and I would urge you to take action today and hopefully the Senate would take

action today, and we would move immediately and effectively to try to solve this transportation problem we have.

The CHAIRMAN. Do you not think it is time we called upon the administration to study and analyze and propose their views on this?

Senator HARTKE. I have said that so often in the past.

The CHAIRMAN. Say it again.

Senator HARTKE. The administration has a responsibility. I think the Interstate Commerce Commission has a responsibility in this field as well as the Congress. Personally, we do not have the views of the administration as to what they want to do about financing the Penn Central. We do not have any views as to what they want to do about the other bankrupt railroads that are operating in the Northeastern section of the United States, nor do we have any information about those 14 railroads which face bankruptcy, maybe even this year.

So we are not dealing with a small problem here, but hopefully we can continue to provide service while we try to have some type of cooperative effort in dealing with the transportation crisis that this country faces. We need a national transportation policy. We need at least a regional approach toward this problem, which has not been put forward, and we are going to be faced with the problem of how we are going to provide the necessary financing, either through the Government, through private sources, or a combination.

I do not think you can permit the country just to grind to a halt simply because no one seems to have the initiative at this moment to come up with a constructive answer.

The CHAIRMAN. Thank you very much, Senator Hartke.

We have Mr. Jervis Langdon, Jr., here, a trustee of the Penn Central Transportation Co. Please come forward.

It is also my understanding that Mr. Brown of the Department of Transportation is here in the room. We have extended an invitation to the Department of Transportation and we are hopeful that it will have someone here to testify.

Mr. Langdon, you are one of three trustees of Penn Central Transportation Co.?

STATEMENT OF JERVIS LANGDON, JR., TRUSTEE OF PENN CENTRAL TRANSPORTATION CO.

Mr. LANGDON. Yes, sir.

The CHAIRMAN. Your cotrustees are who?

Mr. LANGDON. George Baker and Richard Bond.

The CHAIRMAN. You are described as the senior trustee?

Mr. LANGDON. That is incorrect. We all have the same authority. I am senior in the sense only that I am full time at the job and the other two trustees are part time, although a great deal of their time is devoted to this also.

The CHAIRMAN. I see. You have a background in railroad operations, do you not?

Mr. LANGDON. Yes, sir. I have been in the railroad business for 40 years, with the exception of 4 years in the Air Force during the war. Most of that experience has been with the C. & O. and B. & O.

The CHAIRMAN. Could you describe the reliance the Nation has upon the Penn Central in terms of freight and passenger travel?

Mr. LANGDON. Yes. It is, of course, the largest railroad in the country.

We operate every day 1,200 freight trains, 1,300 passenger trains. We handle a million tons of freight every day on an average day. We serve that part of the country that is called the eastern district, north of the Ohio and Potomac Rivers and east of the Mississippi.

We have almost 50 percent of our mileage in New England and in the Middle Atlantic States, New York, Pennsylvania, and New Jersey.

About half of the railroad is leased, and we have 37 different lease companies. Our proportion of the business in the country depending upon whether you measure it from ton-miles or carloads is very heavy. I do not think it quite approaches 20 percent, sir, if the measure is proportionate ton-miles. However, of every 5 tons of freight originated by rail in the United States, Penn Central handles 1 ton, or 20 percent.

So far as passengers are concerned, we have well over half of the passengers, because of the service that we have in the so-called corridor between Washington and Boston.

The CHAIRMAN. The railroad is now out of operation, and has been since midnight; is that right?

Mr. LANGDON. Yes, sir.

The CHAIRMAN. How would you describe the impact of the cessation of operations of Penn Central upon the national health and safety and upon the economy of the country?

Mr. LANGDON. We have been swamped, sir, with telegrams and telephones and messages from users of the service, some going so far as to say they are going to have to shut down in the event service is not restored promptly. They are big and small customers. Of course, so far as the commuters are concerned, and we have, including Boston, New York, and Philadelphia, and New Jersey, almost 100,000 of them every day, they are unhappy, naturally. So the impact is really massive.

The CHAIRMAN. Massive?

Mr. LANGDON. Yes.

The CHAIRMAN. Are you optimistic that this afternoon's bargaining meeting or negotiating meeting will bring forth a settlement?

Mr. LANGDON. I am afraid not, sir. I just do not think that this afternoon will bring a settlement. We are prepared, and have been prepared, to arrive at a settlement, even including a proposal on our part that the strike be postponed for a period of time, to be selected pretty much by the UTU, provided only that in the interim to the extent that we have retirements and deaths and vacancies occur we don't fill those jobs.

You see our proposition is not to put 5,700 people on the street. This isn't it at all. Our proposition is to protect the jobs until under attrition the members of the UTU retire or leave the service.

The CHAIRMAN. Mr. Langdon, we are called to a vote, and we will recess and return; but before we do, let me just ask you, if this crew makeup question were solved, settled right now on the basis of the trustees' proposal, would that be the end of the problem, or do you agree with Mr. Baker that your financial problems are so immense that you have to have a basic new national policy helping you out?

Mr. LANGDON. I think Mr. Baker is right. One important condition to viability is to eliminate surplus—as we see them—personnel. But there are other conditions to viability.

I would like to explain, if I may, and it will just take a second. At the time the trustees took over, the cash losses on the Penn Central were running in excess of \$1 million a day. Of course the minute bankruptcy occurred, these were reduced because we stopped paying taxes, we stopped paying rental for lease lines, we stopped paying interest on our obligations, and we have continued up until this present moment on a bankruptcy basis. But even on a bankruptcy basis, we continue to have a cash drain, although this is getting better. In other words, it is improving.

The crisis that is going to come about, we think, is going to be as a result of a court order, which will bring the railroad operation to an end because of the erosion of the estate of the creditors during this period of time.

The CHAIRMAN. Mr. Baker said, or was quoted as saying, that it will take a crisis to get Congress to act. It is more than Congress that needs to be acting in this particular Penn Central crisis situation, is it not?

Mr. LANGDON. Yes sir. We have got to have an overall plan here for restoring viability to the rail plant in the east, and this includes not only our company, but the other six or seven railroads that are in bankruptcy in the same territory.

The CHAIRMAN. That is exactly what the resolution calls for—

Mr. LANGDON. Yes sir, I appreciate that.

The CHAIRMAN (continuing). The administration to come forth with just such a policy to guide us.

We will recess and return right after voting on the nomination of Mr. Caspar Weinberger for the position of Secretary of Health Education and Welfare.

(A short recess was taken.)

The CHAIRMAN. We will reconvene our committee hearing. Mr. Langdon, Senator Javits has some questions.

Senator JAVITS. Mr. Langdon, I really had one question. Do you know of any legal basis by which the court could order the strikers back to work?

Mr. LANGDON. No; I do not, sir. In labor matters the court has to act under the Railway Labor Act.

I think the court is bound by the provisions of the Railway Labor Act.

Senator JAVITS. So that if we did extend the application of the Railway Labor Act, then the court would have a lawful basis for making an order, would it not?

Mr. LANGDON. Oh, yes, sir; anything that complied with the Railway Labor Act would certainly be a proper basis for a court order; yes, sir.

Senator JAVITS. The court has the duty as well as the authority to preserve the property of a bankrupt concern.

Mr. LANGDON. That is right.

Senator JAVITS. Would you believe that that duty would encompass the authority to order the strikers back to work with just the preservation of the property?

Mr. LANGDON. Sir, this is a complicating question in this sense. The estate is eroding at the present time and the creditors apparently have a constitutional right to have the property liquidated in those circumstances.

This was probably going to come to a head later this year when the court, acting on our last report, stating that the conditions to viability were not being satisfied, was probably going to set a hearing at which the subject for consideration would be the liquidation of the estate.

While no dates have been set, it looked as though this might come to a head during late summer or early fall, something like that. This is the basic problem. We can go on in the meantime and operate on a bankruptcy basis.

That means of course we are not paying our taxes and we are not paying rent on leased lines, we are not paying our fixed interest obligations; but even on that basis, there have been cash crises during the first quarter. I think we are successfully past the cash crisis for the first quarter of this year.

If we can get by March 1, which I think we can, assuming that this strike is over with quickly, then I think we are all right, certainly until August. August is usually a low point, but I have a feeling that even in August we will be all right, and after August, the balance of the year is normally all right. But mind you this is always on a bankruptcy basis, when we are not paying our taxes, and so forth. The move on our part that caused the strike is part of a program that we have had, to restore earning power to the company. We want to leave this bankruptcy basis behind and get on with a reorganization of the company.

But in order to do that, we have to have earning power. The elimination of surplus employees, along with the elimination of surplus track, and certain other changes that have to be made in the basic structure of the company all will contribute to the possibility of earning power, which in turn will lead to a reorganized operation.

Senator JAVITS. But have you made application for the abandonment of track to the ICC?

Mr. LANDON. Yes, sir. I have not seen the list in the last week or so, but we have about 175 different applications. Under the Interstate Commerce Act the Commission has to consider abandonments individually; and we move on an individual branch lines, and file applications to cover individual branch lines. We have in the aggregate over 3,000 miles of line which we are now seeking to abandon, and the Commission has acted on about 700 to 800 miles. They have been the lines for the most part that have been unopposed.

Now we are running into the lines where opposition is coming from the communities and shipping interests and the procedure will take longer. It is moving very slowly, but I don't blame the Commission so much as I do the procedure.

They have to make certain findings under the Interstate Commerce Act, and they send examiners to the field and all of that takes time.

Senator JAVITS. Would you give us one other thing, Mr. Langdon? It may be we will not have the Department of Transportation testify today, simply because they have not yet responded to the summons of the chairman and my own office, which I think is very sad, but we have to face reality with the Senate going out of session very soon.

Could you give us any picture of the economic impact of the shutdown of the Penn Central on this area? You operate in 16 States, right?

Mr. LANGDON. Yes, sir.

Senator JAVITS. What are the major cities you touch?

Mr. LANGDON. In the East, we start at Boston, come down through New London, New Haven, New York, Philadelphia, to Baltimore to Washington on that line. Then going west from Boston, we go west over the old New York Central through the Mohawk Valley and New York State with Utica, Syracuse, Rochester, Buffalo, and from there on we divide, one line going north of Lake Erie, one line going south. The south line goes through to Toledo, Cleveland, on into Chicago, and the north line goes into Canada, back into Detroit and also into Chicago, on the old Michigan Central. South of the old New York Central are the lines of the old Pennsylvania Railroad.

Senator JAVITS. What is the population you serve in that area?

Mr. LANGDON. I am afraid I do not know, sir. We serve every important city in the East, and that of course is where the great population centers are, so it would be a very substantial part of the population of the country really.

Senator JAVITS. Do you carry food and fuel?

Mr. LANGDON. Yes. Recently, however, our bituminous coal shipments have been adversely affected. We have lost almost 20 million tons of bituminous coal moving to the eastern generating plants which have gone over to low-sulfur oil.

Senator JAVITS. You do carry coal and food, right?

Mr. LANGDON. Yes, great quantities of them.

Senator JAVITS. Do you carry hospital supplies?

Mr. LANGDON. Yes, sir. We carry everything that moves really.

Senator JAVITS. What proportion of the freight do you estimate you carry, aggregate freight moving by any means; planes, trucks, and trains; what proportion of the freight in the area served does the Penn Central carry?

Mr. LANGDON. In the areas served, I could answer that quickly so far as railroad share of that is concerned, it is about 40 to 42 percent.

Senator JAVITS. What is the aggregate carried by the railroad, the percentage, in order of magnitude?

Mr. LANGDON. That is 41 percent, sir. We carry 42 percent of all of the rail traffic in our territory.

Senator JAVITS. What is the rail traffic as a percentage of the aggregate traffic from all carrier means, order of magnitude?

Mr. LANGDON. Sir, I do not have that figure, and I am not sure that it is available, because there is so much freight on the highway, that is unregulated and unaccounted for and unreported. You have to, I suppose, include that. It is a very substantial part. I think that by and large the motor carriers in our territory are carrying many more tons than the railroads, but when it comes to ton-miles, I think the motor carriers fall behind. On a national basis, the railroads have about 40 percent, the trucks have the bulk of the balance, although waterways, barges have some, and airlines have a very small part.

Senator JAVITS. So it is a fair estimate to say than Penn Central carries 40 percent of 40 percent of everything that moves in the area it serves, just as an order of magnitude?

Mr. LANGDON. I think that is high, sir, if you take into account—

Senator JAVITS. I said 40 percent of the 40 percent. You say 40 percent you think is carried nationally by railroads.

Mr. LANGDON. I did not understand your question. I think that would be about right.

Senator JAVITS. In other words, you carry 40 percent of the 40 percent?

Mr. LANGDON. The 40 percent is a national figure.

Senator JAVITS. I understand. But do you think that is a fair order of magnitude?

Mr. LANGDON. Yes, sir.

Senator JAVITS. Now if you do not operate, can you see real hardship to the communities you serve or very many of them in terms of food, fuel, hospital supplies?

Mr. LANGDON. Yes, sir; the effect will be devastating, sir.

Senator JAVITS. How long do you think it will take to begin to have a devastating effect?

Mr. LANGDON. I think it will come very promptly.

Senator JAVITS. Within a matter of a few days?

Mr. LANGDON. Yes, sir.

Senator JAVITS. That is all.

The CHAIRMAN. Just one further thing, Mr. Langdon. You said that assuming the strike is over and you get over March 1, you can see daylight ahead, assuming certain other things. What happens now if this strike does not terminate, in terms of your cash position?

Mr. LANGDON. At the very outside, and with some hard breathing on our part, I think we could take a strike of maybe 10 days or possible 2 weeks. Even a week is going to put us under pressure.

The effect of a strike is felt about 2 weeks later when the revenues that should have come from the shipments that did not move do not come into our treasury. In other words, the effect comes later, about 2 weeks after the termination of the strike. Then the revenue that should be coming from those shipments that did not move will not be coming in, and that will be the period during which the crisis will occur.

Now if the strike does not last beyond that period, sir, in one way or another we will get back in operation on a bankruptcy basis.

The CHAIRMAN. Thank you very much. Any further questions? Senator Stafford?

Senator STAFFORD. No questions.

The CHAIRMAN. Thank you very much, Mr. Langdon.

We are going to call Mr. Al Chesser, president of the United Transportation Union now.

Our schedule will be this. We have been hoping that the Department of Transportation representative will be here. We are going to hear Mr. Chesser, and then we will have an executive session of our committee, hopefully about 1:30.

Mr. Chesser, you have testified before the Commerce Committee in the House of Representatives on the joint resolution that is before us?

STATEMENT OF AL CHESSER, PRESIDENT, UNITED TRANSPORTATION UNION

Mr. CHESSER. No, Senator. I did not testify on the resolution. I have not had a chance to read it yet. I have been going back and forth so fast this morning.

The CHAIRMAN. Has that been introduced over there?

Mr. CHESSER. Yes, I understand it has.

The CHAIRMAN. We would like to have your succinct statement of the crisis as you see it from your position.

Mr. CHESSER. Mr. Chairman, I will make this as brief as I can. I apologize for not having a prepared statement.

I am supplying the committee with some material which provides the background of this dispute.

(The information referred to appears in the appendix on p. 98.)

The CHAIRMAN. That is perfectly all right. I do not believe it needs to be prepared. You have been working on this 24 hours a day for how many months?

Mr. CHESSER. Well, a good many, for a year. Let me say to clarify for the committee that I am not myself a member of the negotiating committee on Penn Central. Disputes on contractual negotiations on a single railroad are the prerogative of our general chairman, so they are the negotiating committee on their autonomy. They did ask me to appear for them here, and I also appear at your request.

I knew not when the day would come, but I remember sitting in this room and listening to the morbid story of Penn Central the day that it took bankruptcy. I knew that day and said so, they would be back. I did not know how they would be back, but I suspected it, and I see now clearly from the year back what kind of vehicle they would use to get back.

The crew consist, as this committee's records will reflect, was here in 1963 on a national basis. Without going into detail, a crew consist was settled on every property, including Penn Central Railroad, and at that time New York Central Railroad. That stemmed from arbitration board 282 and it was back to each property and was worked out on each property.

All of those properties are yet today operating under those negotiations that ended that dispute, except Penn Central.

Then Penn Central in 1965 again came and said this is not enough, we would like to have some more, and what was it? They said we would like you to sign an agreement, that will say there will be five men on a crew, and you will not oppose the repeal of the crew laws in those States which they operated that had those laws which was New York, I believe, Massachusetts, Ohio, and Indiana. We signed their agreement. Those laws are repealed.

Without going into detail, this put several millions of dollars in Penn Central's pocket.

On January 27, 1972, agreement that was settled nationally, where there was agreement of new operating rules in the interchange systems,

terminals throughout the country, interdivisional runs, and other rules that we agreed on with the railroads, and put several million dollars in Penn Central's pocket.

We had a wage increase from it, a good wage increase. We have no argument with any other carrier. We signed an agreement in good faith, and I can report to the Congress the agreement was working fine.

When I became president on January 1, 1972, there was staring me in the face the oldest labor negotiations disagreement in the history of the country, 14 years on a manning dispute, the fireman's issue. I asked and talked to the national conference committee of the railroads, the mediation board, and I said if you are as interested in settling this dispute as I am, we will have it settled within 6 months, not another 14 years.

I submit to you we settled the crew consist or the manning issue of the fireman which put another, about \$40 million in Penn Central's pocket. That is not enough. The trustee, Mr. Wirtz, came to my office when I was still legislative director here in Washington for this union and said we have got to have so many of your crews, at least another man off of every crew.

They served a section 6 service, and they did not get another railroad in this country to join them, not one. They carried on, it went through the mediation board faster than any section 6 notice has ever gone through there, while three or four of ours laid dormant there, and gentlemen, they are still there, because we did not want to cause a crisis. We backed off from them every time, every single time that an issue has arisen on the Penn Central we have backed off.

Then came the President's Emergency Board on their section 6 notice of more and more crews. The Board issued their decision, and we did not like it. I met with the general chairman. They did not like it. I asked the general chairman to accept that Board report, and reluctantly they accepted the Board report. The trustees did not accept or reject, they rode the fence, while we begged them to accept the report so something could be done through the Government procedures.

Finally the judge rejected the report. They wanted to meet, and we met, and then in negotiations there were 285 more crewmembers, and still negotiations and still that is not enough.

In bankruptcy the first day when there was thought that there would be money available in the Defense Department, if you will recall, that was a bleak day to operate Penn Central Railroad, and then it was determined that the money could not be used, so the machinery began to turn as to how are we going to put Penn Central back. We were right in the forefront and worked with Secretary Volpe, and he will tell you this today, harder than anybody on the Hill, coming around asking the Senators and asking the Congress to guarantee a loan of \$100 million and I had to bite my tongue every time I talked to one. I was criticized for it, telling me it is the wrong thing, they will never make it. What else was there to do?

I am not sorry today that we did it. We had to keep the railroad operating the best way we could. Tropical storm Agnes threw them out of business again. We were over here again in the forefront. They asked for help. We were back again.

Gentlemen, what I am saying to you is this: How much more do they expect of us? When we make a settlement, we make an agreement,

and the ink does not get dry until they are like a fifth generation welfare family, they are back again because it is the only road that they know to travel.

There is just as much poor management through the trustees today as it was when it went bankrupt, and I think I can prove it to you. We want to get out of the woods. Never in my life would I be embarrassed as president of this union to take off of any railroad what we have had to take off of Penn Central in order to keep a railroad operating. The harassment of the employees. Let me give you another figure that is indisputable, from the time of the reorganization until today, the president of that railroad, Mr. Moore, has said—and he is right as far as we can see—about 28,000 more trains per year operate over there today than there was before bankruptcy.

I wish it was twice that number, but let me tell you, there are 2,667 less brakemen and conductors handling that big increase in business without any addition, and 2,667 less than when we started back in reorganization, and they still want more.

Penn Central is one of the most dangerous railroads, on account of its rundown plant, that there is to work on in this country today. I do not know what we can do to satisfy these people. It does not do any good to sign an agreement any more because it is back to the Railway Labor Act again for more, more, and more. They have said all of these things, they have got to have 5,000 miles of track abandoned. They have got to have a crew consist, a new crew consist. They have got to have more business. They cannot take care of what they have got right now, and they have got to have paid some differences of the losses of the freight they are handling, and they have got to have the Government upgrade their plant; but, gentlemen, with that, they still cannot operate.

I submit to you that I could get a poor unfortunate individual out of a mental institution and give him all of this and he could run that railroad.

I think they are still mixed up with executive jets, and anybody who cannot make money off of a string of prostitutes ought not run a railroad to try to make money.

Let's get down to the nitty gritty. This is not a labor issue, no, not by a long shot. It is not a labor issue. We are the only vehicle to get to the Congress.

I have told these people time and time again, cut out your horse play, at least move up out of kindergarten into the primary grades and let's talk about how are we going to operate the Penn Central Railroad. Where are we going to get the money? What kind of plan are we going to have?

Let's go to Congress and talk to the people. Let's go to the administration, sit down and talk with them about a plan to run the railroad. Why? Because they have said time and time again, if they had the crew consist in their pocket today, and these other things that they have talked about, they cannot operate. They have got to have \$600 million to operate, \$800 million more from some place—just read their February 1 report, their last report of 1973, January report before that, and their statements to the public through the news releases and speeches before that. So where is the crew consist issue?

What difference does that make?

Now let me quickly—I want to give you what the attitude of the trustees are that run the Penn Central Railroad. Yesterday the Wall Street Journal says as of February 7, a hard line, a hard line speech to the National Transportation Institute in Chicago, Penn Central Trustee George Baker declared, it is up to the Government to decide whether it wants to keep the railroads going. He says the trustees will not go around begging with a tin cup. One possible prod to Congress Mr. Baker said would be for Judge Fullum, Philadelphia Federal judge who was overseeing the railroad's reorganization, to say that as the situation stands the railroad ought to be shut down. That is what he said.

Does that tell you something?

He says: "Without a crisis"—this is the key—"without a crisis it may take Congress damn near forever to come up with the sought help," he said.

They are still riding around in chauffeured Cadillacs, private planes, private business cars, they better cut some of that fat off over there.

The CHAIRMAN. Could I interrupt, Mr. Chesser, to ask one or two questions? You appreciate our time situation here.

You are making your points clearly and with force. Are there any other railroads that do operate with the concept that the trustees are demanding of you?

Mr. CHESSEER. No, no sir.

The CHAIRMAN. What do they demand in terms of men on a freight train?

Mr. CHESSEER. Beg pardon?

The CHAIRMAN. What is their position with regard to the number of crewmen on a freight train?

Mr. CHESSEER. I have got for the record—and you have not got time to hear it all——

The CHAIRMAN. Just how many men on a freight train of 200 cars under their——

Mr. CHESSEER. Under their demand, well, if they amend their section 6 notice, which I have not got a copy of it, they will be the judge, whether it be one or a dozen. This Congress, this Senate, this committee has turned this down.

The CHAIRMAN. Mr. Usery talked about a one and one situation. What does that mean to you?

Mr. CHESSEER. That means conductor and one brakeman.

The CHAIRMAN. That is what they want to operate with on a freight train?

Mr. CHESSEER. That is right.

The CHAIRMAN. Other questions?

Senator JAVITS. I just appreciate the fact that labor is making its case, and I would like to ask only one question. If the Congress passes a law, saying that you shall return to work without prejudice for a given period of time, will you use your every best effort and authority to see that the men return?

Mr. CHESSEER. Most certainly. Let me tell you my conversation yesterday with the judge. I was over at the Labor Department, and Mr. Usery has done an admirable job in the administration. Let me give you a clue. They asked me if I would call the judge. I called the judge. I talked to the judge about this situation like this.

I said, Judge, you say and your trustees tell me you cannot operate no matter what the crew consist is. I said, look, listen, let's you and I do something for the country tonight. Forget about crew consist. It is minute. You cannot operate anyway, the railroad, you say, are going to shut down. Take down your notices. Let's go to Congress. I know, I have talked to them. They have got an open mind. Let's go to the administration. Don't shut your railroad down, because when you shut your railroad down, how many millions is it going to cost you? You are going to give your business away to other carriers that are coming in. I am not like Mr. Baker here, gentlemen, these gentlemen, the trustees—Chesser is begging—I said to Judge Fullum—I said, Judge, I beg you to do this. We have backed off and backed off and backed off. Let's stop this kid's play, let's think about the country, and let's operate the railroads.

He finally said to me, Mr. Chesser, I will go talk with the trustees. So if they are sitting right back here right now, I want them to hear it. The judge called me back and said no, sir, they have started down this course and they are determined to finish it. Maybe that is not quoted exactly, and he says I have to agree. I said, Judge, I appreciate your sincerity, and I know he is, I respect the judge, I think he has been given—I do not think, I know, wrong advice.

So I submit to you, gentlemen, you are not dealing with a labor issue here. You are dealing with one of the biggest problems in the country, how to keep a railroad system in the Northeast. You cannot do something for the Penn Central and cause the demise of all those other bankrupt roads—we have got to have a plan to keep the Northeast Corridor operating, and we have come with one. If you have not got it, we will give it to you. Nobody else has said anything like that. Ours is maybe full of holes, but it is a start. We have got to do something. So the time used here in the resolution, it better be used with some good sense to sit down and talk about the railroads, not this labor problem.

I would like to add one other thing. Our people on the Penn Central are working for much less money than they are on other railroads. They did not give the employees on the Penn Central the January 1 increase, and we did not protest it, gentlemen. Again how long will I be able to take this kind of action?

So I submit to you that they only used us as a vehicle to get here. I begged them not to do it, because there is the railroad this morning not running. Isn't that a sad state of affairs? And the trustees are sitting up here saying how much it is going to cost to keep it shut down. That is hogwash.

Why don't they open it up and start operating?

Senator EAGLETON. Thank you very much.

Senator JAVITS. I have another witness I would like to call if I may. I would like to call Mr. Ingram of the Federal Railroad Administration, Department of Transportation.

Senator EAGLETON. Is Mr. Ingram with us?

Senator JAVITS. With the permission of the members of the committee, I invited the Department of Transportation to send its witnesses to enlighten us as to administration policy and any other facts that we may desire. The administration has sent us Mr. Ingram, who is the administrator of the railroads for the Department of Transportation. Will you introduce your colleagues?

STATEMENT OF JOHN W. INGRAM, ADMINISTRATOR, FEDERAL RAILROAD ADMINISTRATION OF THE DEPARTMENT OF TRANSPORTATION; ACCOMPANIED BY JOHN BARNUM, GENERAL COUNSEL, DEPARTMENT OF TRANSPORTATION

Mr. INGRAM. This is John Barnum. He is General Counsel of the Department of Transportation. He sits on my right.

Senator JAVITS. Good. Would you proceed then to be kind enough to make such statements as you are advised, and we are especially interested in what the Administration recommends.

Mr. INGRAM. Senator, I think the Administration's position can be summed up as follows: Within this 20,000-mile railroad called the Penn Central there exists a slimmer railroad, a railroad that could be very competitive, a railroad that has sufficient traffic to make a substantial profit, a railroad that could really produce transportation benefit to the country, to the area served, the shippers it serves, the passengers it serves.

We believe that if we are to get to that slimmer railroad, that is within the old Penn Central, that the railroad, of course, will have to be rationalized. The corporation will have to be rationalized too.

The administration would support the resolution proposed here, if the plan that is required of the Secretary could be presented to the district court that has the authority over the reorganization, and that authority to implement that plan would be given to the court, to the extent, of course, that it finds the plan to be in the public interest.

Further, that the court be required to take that action within 45 days after receiving the plan from the Secretary. I think that sums up the administration's position, and I would be delighted to answer any questions you might have.

Senator EAGLETON. Senator Javits, do you have some questions?

Senator JAVITS. Yes, I do. May we first understand the extent of this emergency. What is the emergency which justifies congressional intercession?

Mr. INGRAM. At the present Penn Central is on strike. The Penn Central Railroad, depending upon what unit of measure you use, accounts for somewhere between 10 and 20 percent of the transportation service provided by railroads in the United States. The railroads move about 50 percent of the tonnage moved on the surface of the land in the United States, and they handle somewhere between 15 and 20 percent of the value of commodities moved in the United States.

Penn Central might be said to account for 15 percent of that railroad movement. On the basis of volume we have 7 percent of the Nation's gross national product being tied up with this strike. On the basis of value, something like 3 percent of the GNP is being tied up in this strike. Of course, there are alternate modes of transportation available, and to some extent they are being utilized in other areas. In other areas there are no alternatives, for instance where plants are solely located on the Penn Central or commuters have to rely solely on the Penn Central.

I think that about sums up the extent of this strike's impact Nation's commerce. I would say in a short strike that loss could be made up very shortly. On a longer strike, the loss would be more permanent.

Senator JAVITS. I have two questions, then. You gave us a 7-percent figure for the Nation. What about the area served by the Penn Central?

Mr. INGRAM. In the area served, it depends on the commodity. Penn Central is not the predominant carrier of any given commodity it the area it serves, but I would say that the impact could vary from 25 percent to a third in heavy industry, and a much lesser percentage in light industry. I think that the railroad's traffic volume is sort of inversely proportional to the value of the commodity per ton. So if you would be interested in the railroad strike's impact on, say, the computer industry, I would say it is very small; and on the steel industry, very large. In the automobile industry where the railroad is used as part of the production line for General Motors and other automobile manufacturers and as a link between parts makers and the points where these cars are assembled, and in various places in the country, the effect is much greater than you would expect otherwise.

But in the area it serves in heavy industry, the effect can be between 25 percent and a third.

Senator JAVITS. What do you call a short shutdown or long shutdown?

Mr. INGRAM. Short shutdown, I would say, would be less than 10 days. A long one, anything over 10 days.

Senator JAVITS. Can you say that, for example, concerning automobile production that this shutdown would have a catastrophic effect after 10 days?

Mr. INGRAM. After 10 days, I am not sure the effect would be catastrophic, but it is very difficult to manufacture automobiles without left front fenders. If it happens that the left front fender manufacturer is the one that cannot ship his manufactured parts to the assembly line, complete new arrangements would have to be made. It certainly would involve severe disruption.

Senator JAVITS. What about the transportation of food?

Mr. INGRAM. As regards to transportation of food, I do not think the strike is that important. Most of the fresh fruits and vegetables come from the San Joaquin Valley, and many other railroads have routes to the main population centers. To the extent that food moves from nearby points, it is transported extensively by truck. Also airfreight is available and has certain advantages over rail transportation, so I do not really think there would be that much effect in food supply.

Senator JAVITS. What about fuel?

Mr. INGRAM. On fuel, the effect would mainly be felt in coal since railroads move very little petroleum, or petroleum products. Fuel is principally moved by pipeline and truck from final terminal. In the area where the fuel used is coal, the Penn Central Railroad is one of the largest haulers of coal in the country and probably hauls something like 35 to 40 percent of what is handled in the Northeastern United States.

Senator JAVITS. That has a direct impact at this time of year on health, does it not?

Mr. INGRAM. Of course. If a public utility works off its stockpile, most of them have a 30-day supply on hand, and once the stockpile is depleted it would be hard pressed to supply, except if its connections with other public utilities more favorably situated, the kind of power that the public demands. If a utility did call on neighboring public utilities for supply of large amounts of power, it would produce a spreading effect that would cover utilities in other areas as well as Penn Central.

Senator JAVITS. Finally my question is this; does this shutdown, in your opinion, if continued for 10 days or more, represent an emergency in the area served?

Mr. INGRAM. Well, of course I would rather wait for the 10 days to see. I think that it would, sir.

Senator JAVITS. Now, finally, may we ask Mr. Barnum if he would be kind enough immediately—I hate to put you to this, but we have no choice—to take the resolution introduced by Senator Williams and myself and to write out for the record what the administration desires to be written in it, unless you can tell us.

Mr. BARNUM. Of course I will do it, Senator. We are in fact writing it out in my office, across the street now. I can take it over the telephone in the form it has been settled.

Senator JAVITS. Please do that.

Mr. BARNUM. It is substantially as said by Mr. Ingram.

Senator JAVITS. I think we will want it in text form. I will submit it to the committee, I may not vote for it myself, but I will see that it is submitted.

The CHAIRMAN. Any questions?

Senator NELSON. Did I understand in your opening remarks that you stated that if this were a slimmed down railroad it could be run profitably?

Mr. INGRAM. I do not think there is any doubt that the Penn Central after rationalization could be run profitably, Senator.

Senator NELSON. How would you describe this slimmed-down railroad? What are you talking about?

Mr. INGRAM. I would hate to omit any aspect of the Penn Central corporate structure from that slimming-down process. I think it has to be conducted across the board; and whether you are talking about railroad route miles or the way labor is assigned, or whether you are talking about the management itself, I would hesitate to try to pin it down on chapter and verse basis. I just jumped into a car and came over for this hearing, and I have not got very many notes with me. But I think that the Secretary could after the 45 days called for in this resolution come up with very well documented and thought out plan for the rationalization of the Penn Central and all those many aspects.

Senator NELSON. Are you referring to the Secretary of the Department of Transportation?

Mr. INGRAM. Yes, sir.

Senator NELSON. You are saying in your judgment the Department and whatever consultants it desired to use could do a rather careful management survey of the railroad and make some recommendations which would end up turning it into a profitable railroad?

Mr. INGRAM. I do believe we could, sir.

Senator NELSON. Do you know what elements would be involved in that rationalization?

Mr. INGRAM. I cannot think of any element of that corporation that would not be involved.

Senator NELSON. Does that involve less employees, both management and—

Mr. INGRAM. In the short run it probably would. In the long run I imagine it would mean more employees, because to the extent the Penn Central can become a vital competitive force, providing a good transportation service in the area, it is going to be a good place to work and a place where more people will be employed.

Senator NELSON. Would this rationalization reduce mileage of traffic?

Mr. INGRAM. I want to make one thing clear right now. I think I heard you say "nationalization" and I have been saying "rationalization."

Senator NELSON. Maybe that was a Freudian slip. I kind of got the idea maybe that that is what we ought to do. But if I said nationalization, I meant rationalization.

Mr. INGRAM. I just wanted to make that plain.

Senator NELSON. Would that involve reduction in trackage miles?

Mr. INGRAM. Yes, sir.

Senator NELSON. Do you suppose that the Secretary, if he undertook to develop such a proposal, could get agreement from management and labor to accept?

Mr. INGRAM. We are talking about agreement from the judge who has charge of that reorganization. In other words, the judge would receive the plan and within 45 days act upon it. He could, of course, under what we propose find that some portion of that plan was not in the public interest and not act upon it. But the main thrust of our proposal is to give him the authority to move forward on those parts of the plan presented by the Secretary which I find in the public interest. He has the full authority, I believe, to implement any part of it.

Senator NELSON. That is what I was going to ask. He does have adequate authority.

Mr. INGRAM. He would under our proposal.

Senator NELSON. To impose a settlement on both parties.

Mr. INGRAM. He would have under our proposal, sir, subject of course to labor's right to strike and the appeals that normally can be taken from any judge's ruling.

Senator NELSON. Thank you.

Senator JAVITS. Could I just ask one other question? We do not have to give authority for submittal to the court for action by the court, do we? The court has full authority to act with respect to this railroad.

Mr. INGRAM. There are many areas where the court does not have authority to act. They are areas of abandonment, for instance, the court does not have, according to my lawyers anyway, the authority to unilaterally abandon rights of way, or abandon rights of way, abandon services or change rates or operate in certain areas in labor-management field.

Senator JAVITS. Is it the request of the administration to us therefore that we give the court that authority, according to the plan which is submitted by the President?

Mr. INGRAM. That is correct, sir.

Senator JAVITS. Do you not fail to take into account that that is not the labor dispute, we would be adjudicating the future of Penn Central, which incidentally aside from any other problem of speed of action is the function of the Interstate and Foreign Commerce Committee?

Mr. INGRAM. I understand.

Senator JAVITS. What you are asking us for practical purposes means we cannot act probably for some time.

Mr. INGRAM. I understand that there is a committee jurisdiction problem here, but really the labor difficulty that we are faced with today is what part of this total picture—and it is very, very difficult for us to see how you can solve one without solving the other.

Senator JAVITS. Is it not fair to say on our behalf if within the given time that the men are back at work, whatever number of days is chosen, the United States or the trustees can submit any plan to the court and then at the end of the time or within the time we will have to judge what the prospects are. I think you are asking us to give blank power of attorney to the court over many laws, which I just cannot see.

As I said before, I will submit your amendment, just give it to me in text form within the next few minutes.

Mr. INGRAM. Thank you, sir.

The CHAIRMAN. Anything further? Thank you.

We will go into executive session now and consider this resolution. (Whereupon, at 1:40 p.m., the hearing was closed.)

APPENDIX



Public Law 93-5
93rd Congress, S. J. Res. 59
February 9, 1973

Joint Resolution

87 STAT. 5

To extend the provisions of the Railway Labor Act and for other purposes.

Whereas a labor dispute exists between the Penn Central Transportation Company and certain of its employees represented by the United Transportation Union, arising out of the Penn Central Transportation Company's implementation of a plan to eliminate approximately five thousand seven hundred train crew positions; and

Whereas the recommendations of Presidential Emergency Board Number 180 did not result in a settlement of this dispute, and all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted; and

Whereas such dispute has now resulted in a cessation of the Penn Central Transportation Company's rail carrier operations; and

Whereas such cessation of operations by the Penn Central Transportation Company, a rail carrier which transports two hundred and twenty five thousand passengers a day and 20 per centum of the Nation's freight, and which provides many necessary connections with numerous other rail carriers operating throughout the Nation, threatens essential transportation services vital to the national health and safety; and

Whereas the Penn Central Transportation Company is now undergoing reorganization proceedings under section 77 of the Federal Bankruptcy Act, and its court-appointed trustees have indicated that present reorganization proceedings will not be successful, even with the eventual elimination of five thousand seven hundred train crew positions, alone, and that a massive infusion of Federal financial assistance would be needed; and

Whereas the financial crisis of the Penn Central Transportation Company is so acute that cessation of its operations for even a short period of time, may make it financially impossible to resume operations; and

Whereas failure of the Penn Central Transportation Company to resume operations, in addition to the previously stated impact on vital transportation services throughout the Nation, will further threaten the continued operation of other financially-imperiled rail carriers in the Northeast section of the Nation; and

Whereas the President has not provided the Congress with any proposals for preserving essential rail services in the Northeast section of the Nation, including those services which would be jeopardized by financial collapse of the Penn Central Company; and

Whereas the Congress finds that emergency measures are necessary to assure the continuity of essential rail transportation services: Now, therefore, in order to encourage the parties to the dispute to reach their own agreement, and to provide time for the submission to Congress of a comprehensive plan for preserving essential rail services in the Northeast section of the Nation, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the provisions of the final paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) shall apply and be extended for an additional period commencing at the expiration of the thirty-day period provided for in the third paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) and ending at 12:01 antemeridian May 9, 1973, so that during such period no change except by agreement shall be made by the Penn Central Transportation Company or its employees

Railroad labor-management dispute. Negotiation period, extension.

Report to
Congress.

or by order of any court in the conditions out of which such dispute arose.

SEC. 2. Not later than forty-five days from the enactment of this joint resolution the Secretary of Transportation shall submit to the Congress a report which, regardless of the settlement of the particular dispute between the Penn Central Transportation Company and its employees represented by the United Transportation Union, provides a full and comprehensive plan for the preservation of essential rail transportation services in the Northeast section of the Nation, including the President's proposals, if any, regarding Federal financial expenditures necessary for restoration or preservation of rail transportation services imperiled by the financial failure of rail carriers, and for alternative means for providing essential transportation services now provided by such carriers.

Report to
Congress.

SEC. 3. Not later than thirty days prior to the expiration date specified in the first section of this joint resolution, the Secretary of Labor shall submit to the Congress a full and comprehensive report containing—

(1) the progress, if any, of negotiations between the Penn Central Transportation Company and its employees represented by the United Transportation Union; and

(2) any such recommendations for a proposed solution of the dispute described in this joint resolution as he deems appropriate.

Approved February 9, 1973.

LEGISLATIVE HISTORY:

SENATE REPORT No. 93-18 (Comm. on Labor and Public Welfare).
CONGRESSIONAL RECORD, Vol. 119 (1973):

Feb. 8, considered and passed Senate and House.

93^d CONGRESS
1ST SESSION

S. J. RES. 59

[Report No. 93-18]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 1973

Mr. WILLIAMS (for himself, Mr. JAVITS, and Mr. STAFFORD) introduced the following joint resolution; which was read twice and referred to the Committee on Labor and Public Welfare

FEBRUARY 8, 1973

Reported by Mr. WILLIAMS, without amendment

FEBRUARY 8, 1973

Considered, amended, read the third time, and passed; preamble agreed to

[Omit the part struck through and insert the part printed in italic]

JOINT RESOLUTION

To extend the provisions of the Railway Labor Act and for other purposes.

Whereas a labor dispute exists between the Penn Central Transportation Company and certain of its employees represented by the United Transportation Union, arising out of the Penn Central Transportation Company's implementation of a plan to eliminate approximately five thousand seven hundred train crew positions; and

II

Whereas the recommendations of Presidential Emergency Board Number 180 did not result in a settlement of this dispute, and all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted; and

Whereas such dispute has now resulted in a cessation of the Penn Central Transportation Company's rail carrier operations; and

Whereas such cessation of operations by the Penn Central Transportation Company, a rail carrier which transports two hundred and twenty-five thousand passengers a day and 20 per centum of the Nation's freight, and which provides many necessary connections with numerous other rail carriers operating throughout the Nation, threatens essential transportation services vital to the national health and safety; and

Whereas the Penn Central Transportation Company is now undergoing reorganization proceedings under section 77 of the Federal Bankruptcy Act, and its court-appointed trustees have indicated that present reorganization proceedings will not be successful, even with the eventual elimination of five thousand seven hundred train crew positions, alone, and that a massive infusion of Federal financial assistance would be needed; and

Whereas the financial crisis of the Penn Central Transportation Company is so acute that cessation of its operations for even a short period of time, may make it financially impossible to resume operations; and

Whereas failure of the Penn Central Transportation Company to resume operations, in addition to the previously stated impact on vital transportation services throughout the Nation,

will further threaten the continued operation of other financially-imperiled rail carriers in the Northeast section of the Nation; and

Whereas the President has not provided the Congress with any proposals for preserving essential rail services in the Northeast section of the Nation, including those services which would be jeopardized by financial collapse of the Penn Central Company; and

Whereas the Congress finds that emergency measures are necessary to assure the continuity of essential rail transportation services: Now, therefore, in order to encourage the parties to the dispute to reach their own agreement, and to provide time for the submission to Congress of a comprehensive plan for preserving essential rail services in the Northeast section of the Nation, be it

1 *Resolved by the Senate and House of Representatives*
2 *of the United States in Congress assembled, That the pro-*
3 visions of the final paragraph of section 10 of the Railway
4 Labor Act (45 U.S.C. 160) shall apply and be extended
5 for an additional period with respect to the above dispute,
6 so that no change, except by agreement, shall be made, by
7 the Penn Central Transportation Company or by its em-
8 ployees, in the conditions out of which such dispute arose
9 prior to 12:01 antemeridian of May 9, 1973.

10 SEC. 2. Not later than forty-five days from the enact-
11 ment of this joint resolution the ~~President~~ *Secretary of Trans-*
12 *portation* shall submit to the Congress a report, which, re-
13 gardless of the settlement of the particular dispute between

1 the Penn Central Transportation Company and its em-
2 ployees represented by the United Transportation Union,
3 provides a full and comprehensive plan for the preservation
4 of essential rail transportation services in the Northeast sec-
5 tion of the Nation, including the President's proposals, if
6 any, regarding Federal financial expenditures necessary for
7 restoration or preservation of rail transportation services im-
8 periled by the financial failure of rail carriers, and for alter-
9 native means for providing essential transportation services
10 now provided by such carriers.

11 SEC. 3. Not later than thirty days prior to the expira-
12 tion date specified in the first section of this joint resolution,
13 the ~~President~~ *Secretary of Labor* shall submit to the Con-
14 gress a full and comprehensive report containing—

15 (1) the progress, if any, of negotiations between
16 the Penn Central Transportation Company and its
17 employees represented by the United Transportation
18 Union; and

19 (2) any such recommendations for a proposed
20 solution of the dispute described in this joint resolution
21 as he deems appropriate.

Passed the Senate February 8, 1973.

Attest:

FRANCIS R. VALEO,

Secretary.

93D CONGRESS }
1st Session }

SENATE }

REPORT
No. 93-18

CONSIDERATION OF LEGISLATION FOR TEMPORARY SETTLEMENT OF RAILROAD LABOR DISPUTE

FEBRUARY 8, 1973.—Ordered to be printed

Mr. WILLIAMS, from the Committee on Labor and Public Welfare,
submitted the following

REPORT

[To accompany S.J. Res. 59]

The Committee on Labor and Public Welfare, to which was referred the joint resolution (S.J. Res. 59) to extend the provisions of the Railway Labor Act and for other purposes, reports the resolution without amendment and recommends it do pass.

PRINCIPAL PURPOSE OF THE RESOLUTION

The resolution reported herewith is designed to end a railroad strike directly affecting large sections of the United States. Such a strike has been in effect since 12:01 a.m., February 8, 1973.

This legislation would provide that until May 9, 1973, the provisions of the last paragraph of section 10 of the Railway Labor Act shall continue to apply to the parties to the dispute, so that no change, except by agreement, may be made in the status quo that existed prior to 12 p.m., February 7, 1973, with respect to the matters in dispute between the parties, and strikes and lockouts are prohibited during this period.

It would also provide for the President to submit a report within 45 days of enactment of the resolution, a comprehensive plan for the preservation of essential rail transportation services in the affected sections of the country.

It would also provide for a Presidential report, 30 days prior to the expiration date of the above report. This second report would describe the progress of any subsequent negotiations between the parties, and recommendations of the settlement of the dispute.

JUSTIFICATION FOR SENATE JOINT RESOLUTION

At 12:01 a.m., February 8, 1973, the Penn Central Transportation Co. began to implement its previously announced plan to eliminate

approximately 5,700 railroad crew positions. At the same time, employees of the company, represented by the United Transportation Union, initiated a strike action in order to preserve the jobs of its members.

The immediate issues in conflict with regard to the train crew positions have been the subject of a difficult labor dispute between the company and its employees for some time, involving, among other things, the question of whether freight trains can be safely operated with a reduced crew. The recommendations of Presidential Emergency Board No. 180 regarding further negotiations on these issues have not resulted in a settlement, nor have any of the other extensive mediation efforts which have been undertaken.

Compounding the already complex labor dispute is the company's precarious financial condition brought on by, among other things, a well-documented history of mismanagement. The court-appointed trustees of the company, which is currently undergoing reorganization proceedings under the Federal Bankruptcy Act, have indicated that the elimination of the 5,700 crew positions in dispute would not alone enable it to become financially solvent, and that a massive infusion of Federal financial assistance would be needed. It also appears that the cash position of the Penn Central is so acute that a cessation of operations for even a short period of time may make it financially impossible for the Penn Central to resume operations after settlement of the labor dispute. A collapse of the Penn Central would obviously have a major impact on the future of rail transportation in the Northeast, as well as other parts of the Nation, in view of its predominant position as a rail carrier and the vital connections it provides with other such carriers.

The immediate cessation of operations of the Penn Central, as well as the prospect of its permanent shutdown, obviously threaten essential transportation services vital to the national health and safety.

In view of the fact that this labor dispute has arisen in the context of the much broader questions presented by the financial plight of the Penn Central, as well as a number of other carriers in the Northeast, the committee believes that questions arising from the continuation of the present strike cannot properly be resolved in the absence of comprehensive proposals and projections regarding the preservation of essential rail transportation in the affected areas. The legislation reported herewith seeks to elicit just such information, and to postpone any further cessation of operations until Congress has had an opportunity to receive and consider that information.

Hearings on the resolution were held on February 8, 1973, before the full committee. Testimony was received from the Honorable Vance Hartke, U.S. Senator from Indiana; the Honorable William J. Usery, Jr., Assistant Secretary of Labor; the Honorable Peter Peyser, U.S. Congressman from New York; Mr. Jervis Langdon, Jr., trustee, Penn Central Transportation Co.; Mr. Al Chesser, president, United Transportation Union; and Mr. John W. Ingram, Federal Railroad Administrator, Department of Transportation. The testimony of the witnesses further added to the urgency that this resolution be immediately enacted.

HISTORY OF THE DISPUTE

The following is a chronological summary of the crew consist issue (the principal subject of the dispute) :

History of crew consist issue on Penn Central

- Jan. 29, 1965----- The Luna-Saunders Agreement was signed by the Brotherhood of Railroad Trainmen (BRT) and twenty-two Eastern railroads, including the New York Central, the Pennsylvania and the New Haven. The settlement, with certain exceptions, established minimum road and yard crews of one conductor and two brakemen. The BRT agreed to withdraw all opposition to the repeal of state full crew laws in the states covered by the agreement.
- Feb. 1, 1968----- Pennsylvania and New York Central Railroads merged.
- Jan. 1, 1969----- The BRT and three other operating unions merged to form the United Transportation Union (UTU).
- Jan. 1, 1970----- Luna-Saunders Agreement subject to renegotiation on or after this date in accordance with provisions of the Railway Labor Act.
- June 21, 1970----- Penn Central filed a petition for Reorganization under Section 77 of the Bankruptcy Act. Subsequently, Federal Judge John P. Fullam, District Court for the Eastern District of Pennsylvania, who was chosen to supervise reorganization proceedings, appointed George P. Baker, Richard C. Bond, Jervis Langdon, Jr., and W. Willard Wirtz as trustees.
- June 7, 1971----- The Penn Central served notice on the UTU pursuant to Section 6 of the Railway Labor Act proposing abrogation of the Luna-Saunders Agreement and providing the Carrier the unrestricted right to determine the crew consist under any and all circumstances. This proposal was virtually the same as the Carriers' notices on this issue in 1959.
- June 16, 1971----- The Penn Central and UTU commenced negotiations which continued through August 1971.

History of crew consist issue on Penn Central—Continued

- Nov. 18, 1971----- The Penn Central-UTU crew consist dispute was referred to the National Mediation Board, and mediation continued through March 1972.
- Feb. 1, 1972----- The NMB proffered arbitration to the parties in accordance with Section 5 of the the Railway Labor Act. This proffer was originally accepted by the Penn Central but later rejected. The UTU deferred its decision.
- Feb. 15, 1972----- Report of the Penn Central Trustees on Reorganization Planning was filed with the District Court in Philadelphia (No. 70-347). The Report concluded that the Carrier can be successfully reorganized if it is allowed to reduce labor costs, abandon unproductive lines and receive full compensation for passenger losses. The Carrier's proposals with respect to personnel reductions would result in the elimination of approximately 6,000 conductors' and brakemen's jobs.
- Mar. 1, 1972----- The NMB released the Penn Central-UTU case, and the parties were required to maintain the status quo for 30 days.
- Mar. 14, 1972----- The Penn Central announced it would put its crew consist proposal in effect on April 1. The Carrier indicated that about 6,000 of approximately 18,000 conductors' and brakemen's jobs ultimately would be eliminated. The UTU threatened to strike or take court action.
- Mar. 31, 1972----- President Nixon created Emergency Board No. 180 to investigate and report on the dispute within 30 days pursuant to the Railway Labor Act. The action required the parties to maintain the status quo for this period and for 30 days after the Board submitted its Report to the President.
- May 15, 1972----- Emergency Board No. 180 submitted its Report to the President. The Board recommended that the parties resume negotiations to resolve the issues. If the parties accepted the recommendations, but were unable to reach agreement by January 4, 1973, the Board would reconvene and recommend an "ultimate solution" in a final report.

History of crew consist issue on Penn Central—Continued

- May 24, 1972----- The UTU accepted the Board's Report as a basis for settlement of the crew consist dispute.
- June 7, 1972----- The Penn Central responded to the Board's Report without either accepting or rejecting its recommendations by promising to "continue hard bargaining."
- June 15, 1972----- The parties were legally free to resort to self-help measures. Instead, they turned to the courts. Trustees of the Penn Central petitioned Judge Fullam for authority to eliminate jobs "after proper notice" to the union. The UTU petitioned the District Court in Washington to protect its existing crew consist agreements with the Carrier. The union offered to withdraw the suit if the Penn Central accepted the Board's recommendations.
- July 12, 1972----- Judge Fullam ordered the trustees to proceed with plans to reduce the size of train crews, while at the same time directing them to negotiate with the UTU. The Carrier posted notices that it would begin to phase out 5,700 jobs on July 26.
- July 14, 1972----- Judge Fullam issued a more complete opinion in support of his order of July 12, stating that "as the matter now stands, the trustees should not accept the report of Board 180."
- July 21, 1972----- The parties reached an interim agreement on the resolution of the crew consist issue with the help of Assistant Secretary of Labor W. J. Usery, Jr. and George S. Ives of the NMB. The agreement provided for the reduction of 285 crews, the establishment of a Standing Committee to facilitate collective bargaining on the crew size question, and a report due on November 30, 1972, making recommendations for disposition of the dispute. The 5 member Committee consisted of two representatives from each party and a neutral chairman jointly selected by both parties. Monsignor George G. Higgins was selected as Chairman.

History of crew consist issue on Penn Central—Continued

- Nov. 30, 1972----- Monsignor Higgins submitted his report to the Secretary of Labor and the Chairman of the National Mediation Board. Higgins urged the carrier and the union to continue to bargain in good faith or face the consequences of Congressional action.
- Dec. 7, 1972----- Penn Central trustees petitioned Judge Fullam for authority to unilaterally determine the size of train crews.
- Dec. 22, 1972----- Judge Fullam granted the carrier authority to implement the crew reduction plan. The Penn Central was required to post notice of the crew changes at least 14 days before the changes become effective.
- Dec. 28, 1972----- Penn Central announced it would promulgate its crew consist plan on Friday, January 12, 1973 and the UTU subsequently scheduled a strike for the same date.
- Jan. 8, 1973----- The parties agreed to a 30-day extension of the negotiations at the urging of Assistant Secretary Usery. Assistant Secretary Usery and George S. Ives assisted in the subsequent talks.
- Feb. 8, 1973----- The Penn Central proceeds with its plan to reduce crews at 12:01 a.m. UTU simultaneously takes strike action.

PROVISIONS OF THE SENATE JOINT RESOLUTION

Section 1 of the resolution provides that the final paragraph of section 10 of the Railway Labor Act shall apply to the current railway labor-management dispute, and shall be extended for an additional period, until May 9, 1973. Such paragraph provides that upon the establishment of a Presidential Emergency Board, and until 30 days after the date the Board has submitted its report, no change, except by agreement, shall be made by the parties in the conditions out of which the dispute arose. It thereby prohibits strikes and lockouts during the period referred to.

The resolution reported herewith provides that the above-mentioned prohibitions of section 10 shall be extended until May 9, 1973. Its effect is to restore, until May 9, 1973, the status quo that existed up until midnight, February 7, 1973.

Section 2 of the resolution requires the President to submit to Congress a full and comprehensive plan for the preservation of essential rail transportation services in the Northeastern region of the United States. The requirement that the report be submitted within 45 days should not be onerous, since the Department of Transportation and the administration have had since about June 1970, when the Penn Central entered bankruptcy, to consider what should be done in the

Northeast. It should be noted that the requirement is directed at rail transportation services in the Northeast and not directed at the preservation of any particular existing corporation or corporate structure. It should be noted in this connection that the committee has rejected the philosophy propounded by administration witnesses that disposition of the Northeastern rail crisis should be left to a court to resolve in bankruptcy reorganization proceedings. Responsible transportation policy requires more than the resolution of private claims against a bankrupt railroad and the abandonment of all service that is not manifestly self-sustaining. The Department of Transportation is already under mandate pursuant to Public Law 92-591, approved October 27, 1972, which requires, in section 4(c) (3), the Secretary to prepare and keep current a comprehensive schedule setting forth transportation facilities and services that he believes should be provided by railroads in the Northeastern region of the United States. In formulating such a schedule, the Secretary shall take into consideration the interests of persons and communities affected thereby; existing rail facilities and the pattern of service by railroads; and the public interest in a balanced and economical transportation system responsive to the needs of the public and the users of such system.

Senate Joint Resolution 59 in essence provides a termination date for that requirement. In addition, it requires the President to consider, and advise Congress, what Federal financing expenditures are necessary and what alternatives might be provided by transportation modes other than the bankrupt rail carriers.

Section 3 of the resolution provides for the President to submit to the Congress, within 30 days of the expiration of the time noted in section 2, a report containing the progress of any negotiations between parties during the period that section 10 of the Railway Labor Act has been extended. This report shall also contain the President's recommendations for resolving the dispute in issue.

TABULATION OF VOTES CAST IN COMMITTEE

Pursuant to section 133(b) of the Legislative Reorganization Act of 1946, as amended, the following is a tabulation of votes in committee:

1. Senator Javits' amendment to substitute the Secretary of Transportation for the President in section 2, and the Secretary of Labor for the President in section 3 (defeated 6 to 5):

YEAS—5

Mr. Nelson, Mr. Javits, Mr. Schweiker, Mr. Beall, Mr. Stafford.

NAYS—6

Mr. Williams, Mr. Randolph, Mr. Pell, Mr. Kennedy, Mr. Eagleton, Mr. Hughes.

2. Senator Javits' amendment, on behalf of administration, to empower bankruptcy court to implement President's plan without further congressional or judicial review (defeated 11 to 0):

YEAS—0

NAYS—11

Mr. Williams, Mr. Randolph, Mr. Pell, Mr. Kennedy, Mr. Nelson, Mr. Eagleton, Mr. Hughes, Mr. Javits, Mr. Schweiker, Mr. Beall, Mr. Stafford.

3. Senator Javits' amendment to change date specified in section 1 from May 9, 1973, to April 9, 1973 (defeated 6 to 5):

YEAS—5

Mr. Randolph, Mr. Nelson, Mr. Javits, Mr. Beall, Mr. Stafford.

NAYS—6

Mr. Williams, Mr. Pell, Mr. Kennedy, Mr. Eagleton, Mr. Hughes, Mr. Schweiker.

4. Senator Javits' motion to order Senate Joint Resolution 59 reported favorably (adopted 11 to 0):

YEAS—11

Mr. Williams, Mr. Randolph, Mr. Pell, Mr. Kennedy, Mr. Nelson, Mr. Eagleton, Mr. Hughes, Mr. Javits, Mr. Schweiker, Mr. Beall, Mr. Stafford.

NAYS—0

[From the Congressional Record—Senate, Feb. 8, 1973]

SENATE JOINT RESOLUTION 59—EXTENSION OF PROVISIONS OF
RAILWAY LABOR ACT

Mr. WILLIAMS. Mr. President, the resolution (S.J. Res. 59) reported unanimously from the Committee on Labor and Public Welfare is at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senate will proceed to consider the joint resolution.

Mr. WILLIAMS. Mr. President, this resolution deals with the emergency situation that the Nation faces because of the strike that is now several hours old on the Penn Central Railroad. The resolution was introduced this morning. We in the committee heard from the Department of Transportation. We heard from Mr. Usery, the Assistant Secretary of Labor, Mr. Langdon, a trustee of the Penn Central, Mr. Chesser of the United Transportation Union, Representative Peyser, the Senator from Indiana (Mr. Hartke), and Mr. Ingram, the Federal Railroad Administrator.

The resolution cites in the whereas clauses the crisis the Nation faces because of this strike. It then provides that the cooling-off provisions of the Railway Labor Act will continue until May 9, 1973. Then it calls for submission by the President to Congress of a report not later than 45 days after enactment, a report that provides a comprehensive plan for preservation of essential rail services in the northeast section of the Nation.

It also provides that not later than 30 days prior to the expiration date, which is May 9, the President shall submit to Congress a full and comprehensive report containing the progress, if any, of negotiations between Penn Central and employees represented by the United Transportation Union, and any such recommendations for a proposed solution of the dispute described in this joint resolution, as he deems appropriate.

The dimensions of the impact of this strike were fully described before our committee. It is truly a situation that presents a national crisis in terms of the health of the Nation, its safety, and certainly, manifestly, the economy of the entire northeast section of the country.

Mr. PELL. Mr. President, the Committee on Labor and Public Welfare, of which I am a member, has reported to the Senate a measure which would put a quick end to the labor dispute which is now so adversely affecting our State of Rhode Island. Without going into the pros and cons of the dispute itself, it should be noted that stoppage of the Penn Central service to my own Rhode Island and to New England has a devastating effect and that Congress has acted expeditiously.

It is my hope and expectation that the Senate and the House will take speedy action on this matter.

Mr. JAVITS. Mr. President, I wish to point out that the Senator from Michigan (Mr. Griffin) this morning introduced a resolution to extend the time for 30 days and get the railroad rolling again, out of the deep conviction that this was all the time that should be taken.

If we pass this resolution now it should be clear had the Senator from Michigan (Mr. Griffin) chosen to press that point that would have been the end of any hope of acting in the Senate today. The country should understand that, and that he placed a higher priority on getting the railroad rolling than on his conviction of what the resolution should state.

Second, we did have before us the necessary witnesses to establish the existence of an emergency. We had before us Assistant Secretary of Labor Mr. Uery, who testified to the inability to work this out by collective bargaining, unless the next few days would make that possible, and there did not seem to the committee enough likelihood of that to warrant not taking action on this resolution.

We had the labor people, through Mr. Chesser, president of the union, which fortified the committee's judgment on findings of fact. We had Mr. Ingraham who directs the railroad activities of the Department of Transportation, who testified on the nature of the emergency and the fact that it would be a full-blown emergency within a few days, and the committee could not see the likelihood of anything happening to change that situation and felt it could not wait until the catastrophe actually happened.

Under all the circumstances I think it is very clear that we have to continue this railroad in operation. The terms referred to in the resolution relate to the Northeast but I believe it is appropriate legislative history to state that we intend that term to mean the whole area primarily served by the Penn Central system.

I wish to ask the Senator from New Jersey if he would agree with that interpretation.

Mr. WILLIAMS. The Senator is correct. I would say that the matter of the impact of the Penn Central Railroad goes well beyond the Northeast, too, because it has to link with other railroads.

For our purposes, because of the critical nature of railroad transportation in the Northeast, we called for a proposal from the President concerning the preservation of rail transportation in that area. That is where so many bankrupt railroads are.

Mr. GRIFFIN. My point is that when we use the term "northeast" we include all areas served by the Penn-Central Railroad system. The point is that Michigan is not thought of as being in the Northeast but it is one of the first victims of the stoppage. Will the chairman state that it covers the entire area served by the Penn Central Railroad?

Mr. WILLIAMS. Yes; it includes the area served by this railroad.

Mr. JAVITS. Very well. The Department of Transportation testified through Mr. Ingraham that the administration would find this resolution acceptable if it included an amendment which vested the authority in the court, which is hearing the reorganization proceeding, to implement any plan for the reorganization or rationalization, as the administration called it, of the operation of this particular railroad system.

which is proposed by the President under the terms of the resolution, and also provided that the court would have "plenary power notwithstanding any other provision of State or Federal law."

The committee had that resolution presented to it by me as an amendment and unanimously rejected it, including my vote. The reason is we do not know or cannot gage in the short time we have to act on this matter—that is, the railroad is stopped now and the increasing days of stoppage only aggravate the emergency—we do not understand and cannot possibly develop the reach of any such overriding of existing law. We know it would override the power of the ICC to stop the abandonment of trackage. That is one of the things that would be overridden by this clause. We were unable to bring in so sweeping a clause.

In addition, we must be cognizant of the fact that we do not have primary jurisdiction in railroad transportation matter; the Commerce Committee does. They know much more about it and have been considering problems of railroads for decades. So we could not accept the proffer of the administration.

Therefore the resolution we bring to the floor is not administration-supported. I should make that clear as ranking Republican member of the committee. But it is the best we can do under the circumstances.

Finally, at the appropriate moment, I shall join with the Senator from Michigan (Mr. GRIFFIN) in seeking to have substituted for a mandate to the President by sections 2 and 3 for making his submission to the Congress, a mandate to the Secretaries of the respective departments, that is, the Secretary of Transportation and the Secretary of Labor.

I submitted that amendment to the committee. It failed by a vote of 5 to 8, but I really feel that, in an emergency situation like this, we should not mandate the President, but that it is appropriate to mandate the respective departments.

Therefore, I will join the Senator from Michigan (Mr. GRIFFIN) in offering that change. I hope the chairman will agree to accept it.

Other than that, I voted for the resolution. I felt it to be my duty. I believe it is our duty, without prejudicing the rights of either labor or the creditors and stockholders of the company represented by the trustees, whose affairs are in the hands of the court, to keep going a transportation system essential to America, in the public interest, and that it is our duty to keep it going by hereby issuing the necessary authority.

Finally, I wish to say I am not blind to the fact that a 90-day delay, which is the period specified, gives some advantage to labor, because labor goes back without change in the work rules, and we realize the deep financial stringencies upon the railroad.

But I feel 90 days is a fair figure. I hope no one will try to force it beyond that period, because that, in my judgment, would begin to "load the deck" beyond what is necessary to get the job done. So I hope there will be no effort to press it beyond the 90 days. That period represents an effort to be as objective as we can—and I emphasize all those words, as objective as we can—under the circumstances, in the Senate. I hope very much the Senate will support this resolution.

Mr. GRIFFIN obtained the floor.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. GRIFFIN. I yield.

Mr. WILLIAMS. The Senator from New York mentioned an amendment.

Mr. JAVITS. Mr. President, I send two amendments to the desk and ask that they be considered en bloc.

The PRESIDING OFFICER. The clerk will state the amendments.

Mr. JAVITS. The sponsors are the Senator from Michigan (Mr. GRIFFIN) and myself.

The legislative clerk read the amendments, as follows:

On page 3, line 2, strike "President" and insert in lieu thereof "Secretary of Transportation".

On page 3, line 15, strike "President" and insert in lieu thereof "Secretary of Labor".

Mr. JAVITS. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Is there any objection to their being considered en bloc?

Without objection, the amendments will be considered en bloc.

Mr. WILLIAMS. Mr. President, these amendments were offered in committee and, on a closely divided vote, they failed.

I believe it to be the fact that while the Secretaries would be reporting, their reports would certainly reflect administration policy, and I think the net result would be the same. We would be hearing from the executive department.

Mr. JAVITS. Exactly.

Mr. WILLIAMS. Because of the fact that it changes very little, and because of the fact that we had a closely divided vote, I will accept the amendments.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc. [Putting the question.]

The PRESIDING OFFICER. The joint resolution is open to further amendment.

The Senator from Michigan.

Mr. GRIFFIN. Mr. President, this is no time for long speeches so I will have only a word or two to say. I know about the parliamentary problem we have on this side of the Capitol as well as on the other side.

Legislative action often involves dilemmas and difficult decisions. As I strongly indicated earlier, I do not like the idea of a 90-day extension as contained in this joint resolution. I am concerned that it may operate to put Congress back into a state and frame of mind that Congress has been in for too long—that we can just forget about the whole problem again.

I was hoping for a 30-day extension because I believe that might have continued the same urgency about this situation. But I am also realistic, and I realize that I cannot prevail with my point of view, at least at this time.

Indeed, I am conscious of the fact that we are faced with a demand for an even longer extension of time from the other side of the Capitol.

I am glad the Senator from New York has at least made clear that he believes any extension beyond 90 days would be of the question. I certainly join him in that strong expression.

Mr. President, I suggest that we go ahead and act on the joint resolution.

Mr. JAVITS. Mr. President, I ask unanimous consent that the text of the amendment submitted by the administration as submitted to the committee may be made a part of my remarks.

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

The Secretary of Transportation shall submit to the reorganization court having jurisdiction over the Penn Central Transportation Company within 45 days of the date of enactment of this action a plan for the rationalization of the railroad lines, fixed plant, other facilities and assets of the Penn Central Transportation Company and for the preservation of those the services of which he deems to be essential.

The reorganization court, after notice to all interested parties and an opportunity for them to be heard on the manner in which the Secretary's plan shall be implemented, and the consistency of said plan with their constitutional rights, shall take whatever action is necessary to implement that plan insofar as it is consistent with the constitutional rights of creditors and stockholders and otherwise public interest.

Said implementation shall be completed no later than 45 days after submission of the Secretary's plan.

The reorganization court shall have exclusive and plenary power and jurisdiction to effect the implementation of the Secretary's plan, any other provision of State or Federal law notwithstanding.

Neither the Secretary's plan nor the orders of the reorganization court implementing said plan shall be subject to the jurisdiction of the ICC in any respect, and the order of the reorganization court implementing the plan may not be stayed by any reviewing court.

The PRESIDING OFFICER. The joint resolution is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question now is on passage of the joint resolution, as amended. [Putting the question.]

The joint resolution (S.J. Res. 59) was passed.

The PRESIDING OFFICER. Without objection, the preamble will be agreed to.

The joint resolution, with its preamble, was agreed to.

* * * * *

Mr. Javits and Mr. Mansfield moved to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BRYD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

[From the Congressional Record—House, Feb. 8, 1973]

EXTENDING CERTAIN PROVISIONS OF THE RAILWAY LABOR ACT

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H.J. Res. 331) to extend the Railway Labor Act, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objeciton to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 331

Whereas a labor dispute exists between the Penn Central Transportation Company and certain of its employees represented by the United Transportation Union, arising out of the Penn Central Transportation Company's implementation of a plan to eliminate approximately 5700 train crew positions; and

Whereas the recommendations of Presidential Emergency Board Number 180 did not result in a settlement of this dispute, and all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted; and

Whereas such dispute has not resulted in a cessation of the Penn Central Transportation Company's rail carrier operations; and

Whereas such cessation of operations by the Penn Central Transportation Company, a rail carrier which transports 225,000 passengers a day and 20% of the Nation's freight, and which provides many necessary connections with numerous other rail carriers operating throughout the Nation, threatens essential health and safety; and

Whereas the Penn Central Transportation Company is now undergoing reorganization proceedings under Section 77 of the Federal Bankruptcy Act, and its court-appointed trustees have indicated that present reorganization proceedings will not be successful, even with the eventual elimination of 5700 train crew positions alone, and that a massive infusion of Federal financial assistance would be needed; and

Whereas the financial crisis of the Penn Central Transportation Company is so acute that cessation of its operations for even a short period of time, may make it financially impossible to resume operations; and

Whereas failure of the Penn Central Transportation Company to resume operations, in addition to the previously stated impact on vital transportation services throughout the Nation, will further threaten the continued operation of other financially-imperilled rail carriers in the Northeast section of the Nation; and

Whereas the President has not provided the Congress with any proposals for preserving essential rail services in the Northeast section of the Nation, including those services which would be jeopardized by financial collapse of the Penn Central Company; and

Whereas the Congress finds that emergency measures are necessary to assure the continuity of essential rail transportation services: Now Therefore, in order to encourage the parties to the dispute to reach their own agreement, and to provide time for the submission to Congress of a comprehensive plan for preserving essential rail services in the Northeast section of the Nation, be it

Resolved by the Senate and the House of Representatives of the United States in Congress assembled, That the provisions of the final paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) shall apply and be extended for an additional period commencing at the expiration of the 30-day period provided for in the third paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) and ending at 12:01 a.m. September 24, 1973, so that during such period no change except by agreement shall be made by the Penn Central Transportation Company or its employees or by order of any court in the conditions out of which such dispute arose.

Section 2. Not later than 60 days from the enactment of this joint resolution the President shall submit to the Congress a report which, regardless of the settlement of the particular dispute between the Penn Central Transportation Company and its employees represented by the United Transportation Union, provides a full and comprehensive plan for the preservation of essential rail transportation services in the Northeast section of the Nation, including the President's proposals, if any, regarding Federal financial expenditures necessary for restoration or preservation of rail transportation services imperiled by the financial failure of rail carriers, and for alternative means for providing essential transportation services now provided by such carriers.

Section 3. Not later than 30 days prior to the expiration date specified in the first section of this joint resolution, the President shall submit to the Congress a full and comprehensive report containing—

(1) the progress, if any, of negotiations between the Penn Central Transportation Company and its employees represented by the United Transportation Union; and

(2) any such recommendation for a proposed solution of the dispute described in this joint resolution as he deems appropriate.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. STAGGERS. Mr. Speaker, this bill was considered before our committee for 3½ hours, and the committee was very patient in listening to all the testimony that we had. I am sorry to come to this with this resolution today, because it ought not to be here. But I would say that it is brought over here under the guise that this is a labor dispute—actually, it involves so much more than just a labor dispute.

The labor dispute, compared to the money involved, is so infinitesimal that it really does not amount to anything. We have a railroad that is in trouble, and according to the trustees it needs \$600 or \$800 million. But this is a way to dramatize the subject and to get the attention of the Congress.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Ohio.

PARLIAMENTARY INQUIRY

Mr. DEVINE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DEVINE. It was the understanding of the minority, and I think of a majority of the people on the floor of the House, that when the gentleman from West Virginia made his unanimous-consent request that this bill be brought up, the question was whether or not it could be brought up for immediate consideration without objection. There was no objection, but I am not sure whether I heard the Speaker correctly. The Speaker said that it was engrossed and read a third time and passed.

The SPEAKER. The gentleman is correct. The Chair had no knowledge of any other procedure. The only procedure the Chair had in his knowledge was it was going to be called up by a unanimous-consent request. Then the Chair said "without objection, the bill is engrossed, read a third time, and passed." Any Member during that entire procedure could have objected if he desired to do so.

Mr. DEVINE. Is the gentleman from West Virginia now making a statement after the fact, or is this in support of the bill already passed?

The SPEAKER. The gentleman, as the Chair understands is doing what is often done on a unanimous-consent bill, and that is explain the bill to the House after passage.

Mr. STAGGERS. Mr. Speaker, I ask for 5 minutes to explain and say to the gentleman from Ohio that I did not intend for this to be in this fashion; that I thought I would ask for unanimous consent to bring it to the floor, and that was my intent. The Speaker did make a statement that the bill was engrossed, read a third time, and passed.

PARLIAMENTARY INQUIRY

Mr. DEVINE. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DEVINE. In view of the statement made by the chairman of the committee that he had no intention that it be brought up under that set of circumstances, and the fact that the Chair has stated that a motion to reconsider has been laid on the table, I would ask the Speaker if a motion would not be in order to remove from the table the motion for reconsideration.

The SPEAKER. It takes unanimous consent to vacate the proceedings by which a motion to reconsider was laid on the table.

Mr. DEVINE. Mr. Speaker, I ask, therefore, unanimous consent to vacate the order of the Chair in connection with this legislation.

The SPEAKER. The gentleman from Ohio has asked unanimous consent that the proceedings by which the joint resolution was engrossed, read a third time, and passed, and the motion to reconsider laid upon the table, be vacated.

Is there objection to the request of the gentleman from Ohio?

Mr. ADAMS. Mr. Speaker, reserving the right to object, I should like to ask the gentleman from Ohio a question. As I understood the matter, there was not any conflict or objection on the bill, and if that is the case, perhaps we could proceed so that if Members wish to place remarks in the Record to make their position clear, that could be done. If there is something else that is involved here that our side does not know about that the gentleman could indicate to me, I would yield to the gentleman for that purpose so he could do so.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, we had a very unusual situation wherein the chairman did not have an opportunity or take the opportunity to explain the merits of the legislation before the House, and it was passed even without the knowledge of the chairman of the committee.

Mr. STAGGERS. Mr. Speaker, I would ask the Members of the House not to object to the unanimous-consent request of the gentleman from Ohio.

The SPEAKER. The request of the gentleman from Ohio is pending. The Chair follows the usual procedure. The gentleman has the right to make and has made the request.

Is there objection to the request of the gentleman from Ohio that the proceedings by which the joint resolution was passed be vacated?

Mr. ANDERSON of Illinois. Mr. Speaker, reserving the right to object, I just want to add to the reasons why I think the gentleman's request should be granted. In an effort to be helpful I was en route from the other Chamber to this body with a report, that I hoped would be helpful in settling this matter, as to what was occurring there and information as to some of the views expressed by the majority leader of the other body and others, and I think it would be a most unseemly thing for us to proceed with the finality of this action before we have even had the opportunity to explore some of those matters on this floor, so I take this time to urge Members in the interest of orderly procedure to honor the request of the gentleman from Ohio.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. STAGGERS. Mr. Speaker, I would like to explain what the joint resolution will do and the reason for bringing it here. However, there is more to this matter than appears on the surface, more than just a mere labor dispute.

This is a railroad in bankruptcy, Its trustees have said publicly it needs \$600 to \$800 million to keep the railroad running. I believe this crew consist dispute was a dramatic way to bring the matter to the attention of the Congress in an effort to have something done. That is all I can figure. The railroad has even said that if everything they requested this year was granted, they would have great difficulty still.

As I say, this matter is only a small part of the whole problem.

I believe the resolution should be passed. It will put the men back to work. If the strike is allowed to continue there are thousands of commuters who will be stranded, tons of freight will not be moved to its destination, other rail lines which interconnect with the Penn Central may have to shut down.

Mr. Speaker, this is the only explanation I am going to offer at this time unless there are some questions.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I would like to ask the gentleman from West Virginia why we have selected the date of September 24, 1973? What is the meaning of that date? Is it related to anything at all?

Mr. STAGGERS. No, sir. Nothing that I know of at all. It was picked out of the clear air by a member of the committee and offered as an amendment and it was agreed to.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr Speaker, that was put in unanimously by the committee. If the gentleman will read the resolution, he will see the President is called upon to make two studies, the first of which relates to the solution of the railroad problems in the northeast quarter of the United States where we have eight railroads and their backers. Obviously the original 30-day figure did not give enough time for the President to make this study and report back to the Congress. The second study is the one the President is called upon to make with respect to specific problems in the specific legislation before us, which brings us to consider this matter, and report back here. In order to give the President time enough to come forward with recommendations and the Congress time to act upon those recommendations, we settled upon this date, which gives us the best time for determination of the legislation and time for an orderly consideration of the problems which are before us, both in terms of railroad service, which appears to be deteriorating rapidly in the Northeastern section of the United States, and with regard to the labor problems which bring us here today.

Mr. GROSS. My only question is that it seems to be a long time for intervention on the part of the Congress. Perhaps the House will

accept the gentleman's explanation, but it seems to be an unusually long time for intervention in a matter of this kind.

Mr. STAGGERS. Are there any further questions? If not, I will yield to the gentleman on the other side.

Mr. DEVINE. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I am not going to take a position of strong opposition or a position of being in favor of this legislation, but I would like to point out a few matters that should be called to the attention of the House.

Those of us who have served on the Interstate and Foreign Commerce Committee over the years are weary and sick and tired of having to go up and down, up and down the hill on the same issue just about every year. I am not sure that management or the operating brotherhoods are sincerely following the collective bargaining process, because they fiddle around and spend months and months; extension after extension; board after board; and they come back to our committee and say, "Do something."

Yet, they are adamant about their opposition to compulsory arbitration and things like that.

With few exceptions, we have been called upon to delay crippling railroad strikes for about 10 straight years. Last year we missed for the first time in 10 years. The issue seems to be about the same. Lately, there has been a new one added. I can document this, whether by happenstance or not—it does not appear to be happenstance—we come to a critical strike period at midnight, the night before Congress is going into one type of recess or another and this has been the case the last three times.

I think that is more than coincidence. I think it should be taken into consideration when we deal with this matter.

The use of these emergency strike boards has actually become a farce. Whichever President has been in charge, we have had three or four during the time I have been here, and three or four emergency strike boards with experts, scholars, eminent people, and many recommendations, and still it comes to the Members of Congress to grant more time and another moratorium and goes on and on and on.

It is unfortunate that this type of situation cannot be resolved. It is unfortunate that we have not been able to pass emergency strike legislation, as we tried to do 2 years ago, and last year. I hope the chairman will recognize the fact that again we are faced with the almost annual situation, and I hope he will call up and schedule for hearings the emergency transportation strike legislation now pending.

Mr. ANDERSON of Illinois. Mr. Speaker, I move to strike the last word.

Mr. Speaker, as I understand the resolution that is now before the House from the House Committee on Interstate and Foreign Commerce, it would provide for September 24 date, and no changes in the work rules could be made until that date, save by agreement between the parties. Is that correct, Mr. Chairman?

Mr. STAGGERS. Except by legislation.

Mr. ANDERSON of Illinois. I feel obliged to inform the House, and it may have already been mentioned in a previous colloquy, that it is my understanding that the other body has already passed legislation

providing for a 90-day period during which the present work rules would be continued in full force and effect, that is until the date, I believe of the 9th of May 1973.

I would further be constrained to advise my colleagues that in my conversations with both the minority and the majority leaders of that body, that they were adamant in their insistence on a 90-day as opposed to a 7½-month delay in any change in the work rules.

I wonder if it would not, therefore, be the better part of wisdom, in view of the situation in which we find ourselves, for the distinguished chairman of the House Interstate and Foreign Commerce Committee, or someone, to be willing to offer an amendment so that we could conform this legislation to the date that I have just mentioned.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Arizona.

Mr. RHODES. I agree with the gentleman. However, I should like to make an inquiry. If any Member knows, is the legislation which passed the other body identical with the legislation reported by the Committee on Interstate and Foreign Commerce of the House, other than for the period of suspension?

Mr. ANDERSON of Illinois. I regret I am not in a position to answer the gentleman's question.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I am glad to yield to the gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. There are two basic changes. They occur on page 3 of the legislation.

The first change is in the date during which the cooling off period would be established.

The second is because this arises under a court order, together with the promulgations by the trustees, and there is language that provides for the effective date for the type of work rules that will go into effect, and it was amended in the committee to be certain that the work rules that were in dispute and were being negotiated by collective bargaining remain in effect rather than a new set of rules that had been put into effect at 12:01 this morning.

So there are two changes in the legislation.

If the gentleman will yield further, I would respond as to why there is a difference in the date between the Senate and the House as to how long this period should last. I am not certain whether the Senate had the testimony of Mr. Usery at the time they were considering the legislation in the committee, but this particular problem, as explained by Mr. Usery, on behalf of the administration, is not really a labor dispute, because we are dealing with an employer here who is no longer in existence. Instead, it is with a series of trustees and the judge. So we must solve the problem of whether there is going to be an employer at all, or what kind of an employer, before we can have the bargaining process go further.

Mr. ANDERSON of Illinois. In view of what the gentleman has said—and it is true that the Penn Central is governed by the provisions of section 77 of the Bankruptcy Act of the United States—why should it not be necessary or indeed would it not be advisable for this legislation, coming out of the committee, to include language to the effect that the Secretary of Transportation should submit to

the reorganization court that has jurisdiction over the Penn Central a plan, and that then the court be given by this legislation power to carry out that plan for the reorganization of the railroad.

It does not do any good, as I see it, to pass this and dump the matter back into our hands, whether it be 90 days or 7½ months, without giving that court the power to act in the situation.

Mr. ADAMS. The problem is that the court does not have the power to continue the service that is considered essential in the northeast corridor. The trustees came before the court in their January 1 report, and had four conditions which had to be met before the Penn Central could continue running for any period of time.

The labor issue which is in this strike was one of the lesser of the four.

The major problem is that they have a negative cash flow. They simply are not able to stay in business unless there is a rationalization of their plan.

The SPEAKER. The time of the gentleman from Illinois has expired.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed a joint resolution of the following title:

S.J. Res. 59. Joint resolution to extend the provisions of the Railway Labor Act and for other purposes.

EXTENDING CERTAIN PROVISIONS OF THE RAILWAY LABOR ACT

Mr. ADAMS. Mr. Speaker, I move to strike the requisite number of words.

Unless the trustees are placed in a position—and only the Government is going to be able to do this; this appears in the trustee's report of February 1—where they can rationalize the plant, which means either to cut through the abandonment procedure, or to provide that the Government take over the rights of way and in some way provide some capital improvement, so that they can run the trains on the track, the trustees are not going to be able to create an employer that can be bargained with.

So that if you gave the administration the power to go directly to the bankruptcy court, the court's answer to the administrator would be the same as his answer to the trustees: You do not have a viable reorganization plan. You cannot create one, and the effect of the Bankruptcy Act is thereby to stop the railroad from running and it will be liquidated.

Mr. Speaker, that is the reason why we were trying to provide some time for the administration to work with the Congress to see if it were possible.

It may not, I may say to the gentleman from Illinois, be possible to save any kind of a Penn Central system as such, but the point that was raised by the gentleman from Ohio earlier and by several other Members is that there are seven other railroads in the same condition in the Northeast.

So we are talking about the whole northeast quadrant, as far as rail service is concerned, not just the Penn Central. That is why we are asking for some time so the administration can make a proposal as to how we should handle it. This Congress could then act on that proposal and when that is done, there would be some type of an employer. Then within 30 days the administration will recommend a means to settle this dispute, or the collective-bargaining system will be brought into operation and they can settle it themselves.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield for just one further comment?

Mr. ADAMS. I yield to the gentleman.

Mr. ANDERSON of Illinois. Mr. Speaker, the suggestion I made was that I felt that the Secretary of Transportation should be charged with the responsibility for submitting a plan within 45 days or some such period, a plan for the reorganization and nationalization for the running of this railroad, with all of its assets and fixed plans and so on.

But in addition to charging him with that responsibility, then we ought to in the same piece of legislation give the bankruptcy court the power to carry out the plan.

That is the second necessary step, and I do not see that that is in the resolution reported out of your committee.

Mr. Speaker, the gentleman says the Congress shall consider the plan, but does it not make more sense to say that the referee in bankruptcy or the bankruptcy court, which I believe has had this matter under consideration for 2½ years, is better equipped, has more knowledge, and has more expertise to deal with the matter and to judge whether or not the plan as submitted by the Secretary of Transportation is sound. They would know more than we in the Congress.

I do not propose to know how we should draw a map for the railroad and say that we should eliminate tracks here or somewhere else, but presumably the bankruptcy court, after 2½ years of living with this problem, ought to know.

Mr. ADAMS. Mr. Speaker, this is the precise problem. The trustees in their report of February 1 have said, in effect, that they cannot do that without a massive infusion of about \$600,000,000 to \$800,000,000. Our committee is not in position and the administration is not in position at the present time to come to this body and say: "This kind of a system is what we should have or this is how we should operate."

If we were to simply have the administration go to the bankruptcy court, the bankruptcy court would then have to come back to this body immediately. That is what we were trying to avoid.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman.

Mr. ROUSSELOT. Mr. Speaker, my understanding is that there was a court order from the district court in Philadelphia for a work plan that was submitted and agreed to by the Penn Central trustees on December 22; is that not correct?

Mr. ADAMS. For the crew consist, yes.

Mr. ROUSSELOT. And if we pass this legislation today, we are in effect in an argument with the court and setting that aside; is that correct?

Mr. ADAMS. No, they extended that by agreement up through last night.

Mr. ROUSSELOT. Right.

Mr. ADAMS. And what the court order in effect said was that they as trustees are authorized to proceed with this kind of new work force proposal.

Mr. ROUSSELOT. And the trustees agreed to that plan?

Mr. ADAMS. The trustees as of last night promulgated a change.

Mr. ROUSSELOT. And so if we pass this legislation, we are in fact overriding that plan?

Mr. ADAMS. We are overriding the trustees' plan or, rather, we are postponing it; that is what we are doing.

Mr. ROUSSELOT. What is the financial effect on this bankrupt company if we do that?

Mr. ADAMS. Well, that is very difficult to determine.

Mr. ROUSSELOT. I am sure the committee looked into it, because you are concerned about the problem of bankruptcy. What is the effect of overriding the court order which was done after careful consideration? Will that impose additional debt on this company?

Mr. ADAMS. The reason why I said to the gentleman that it is difficult to answer is the railroad went on strike as of this morning and it is not operating at all. It had a tremendous effect on the bankrupt's estate.

Mr. ROUSSELOT. So one of the things we are doing in effect is creating additional financial problems for this bankrupt company by overriding this court order. Is that not true?

Mr. ADAMS. No, not at all. We are selecting alternatives as best we in the Congress can for the benefit of the public and the people that are before that court, because if this goes on for 6 days, you simply cannot bring it out of reorganization.

The SPEAKER. The time of the gentleman from Washington has expired.

Mr. ROUSSELOT. Mr. Speaker, I move to strike the requisite number of words.

Now, to continue the colloquy, if we can. That means, in effect, that if we legislate here today by overriding this court order, we are imposing additional costs on this bankrupt company that the court and the trustees already agreed upon was a proper reduction in force. Is that true?

Mr. ADAMS. That is what I said to the gentleman. It is not, because if this railroad, which went on strike because of that order, stays shut down for 6 days, according to the testimony, then they cannot start it up again. So the secured creditors and people before the court lose everything. It was testified that the maximum savings if the court order went into effect would be a potential of \$15 million. So if you want to compare the fact of the entire property going into liquidation and the losses occurring from that as compared to \$15 million, then the gentleman can make his own judgment as to whether or not the committee tried to act responsibly and select the proper alternative.

Mr. ROUSSELOT. But is there any guarantee in this legislative plan that it will not be further aggravated, anyway?

Mr. ADAMS. There is no guarantee as far as the Penn Central is concerned about anything.

Mr. ROUSSELOT. And we may be back here again in 60 or 90 days for the same problem, as the Senate bill provides.

Mr. ADAMS. I can say to the gentleman without qualification that the Penn Central problem will be before this conference for the rest of the year. Whether or not it stays shut down and they strike or whether we keep it alive for a period of time and whether the order goes in or not—before the first quarter of next year the Penn Central is going to have to have some type of action taken, and that action may be a liquidation.

Mr. GUBSER. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from California.

Mr. GUBSER. I would like to inquire of the gentleman from California (Mr. Roussetot) if we legislate today as suggested, would we not be in a position of allowing a labor union to overrule a court order while there are thousands and thousands and thousands of mothers and fathers in Prince Georges County who are not allowed to overrule the court order with regard to busing of schoolchildren? Is that not a fact?

Mr. ROUSSELOT. There is no doubt about that. Maybe the gentleman from Washington will want to respond to that question.

Mr. ADAMS. I do not believe there has been any overruling of the court order.

Mr. ROUSSELOT. The gentleman from Washington just got finished saying that if we pass this, we will in effect overrule the court order of December 22 for a temporary period of time.

Mr. ADAMS. Not at all. What I said would happen is that the effect of the order would be postponed for a period of time, and if we did not do that, the court would have to come in with another type of order deciding what they were going to do with the property that is not functioning.

Mr. ROUSSELOT. Then would it not be better to postpone the decision on this for only 90 days rather than 7 months?

Mr. ADAMS. If we were only to do the—

Mr. ROUSSELOT. Because we must face up to the issue sooner or later.

Mr. ADAMS. The problem is they have to decide over in the administration and among the witnesses that appeared before the committee what service, if any, is going to continue to exist in the whole Northeast quadrant. We have a lot of people living up there in the United States. The testimony we have had before the committee both on prior occasions and on this one is that that part of the country cannot continue to function without railroad service.

So that is our alternative of trying to see that services continue to be provided in that area, and get to a solution as quickly as possible, and these time limits were the ones indicated to us as being of primary necessity.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman, and I yield back the balance of my time.

Mr. ECKHARDT. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise to speak in favor of the resolution, and to try to clarify the question of what the court order was. I think, as the gentleman from Washington said, in a sense the court order is set aside, but what is the court order? The court order is not an order which would

ultimately and finally determine the working conditions to be established for the Penn Central and its employers. The court order is simply a directive that an employer in bankruptcy—or, more accurately, reorganization—take certain unilateral action as an employer.

In an ordinary labor situation, under section 10 of the Railway Labor Act, when the employer does post such a notice and when it does unilaterally change the working conditions which have existed for a period of time, and all cooling-off periods under the Railway Labor Act have run, then what will ultimately constitute the working conditions, after the economic joust, will depend on such a test of strength.

Now, that is all we set aside. The court has not decided that the conditions of service should, or would, ultimately be those which the employer is urging. The court does not determine the ultimate result of the crew consist issue. Rather, the court, as the authority directing the Trustees, calls upon the employer to open the issue, to make a unilateral decision. The court is not making a juridic judgment but is directing what it determines to be a prudent economic judgment for the employer.

In an ordinary labor dispute such unilateral action on the part of the employer may result in the employees striking, on the one hand, and the company insisting on a rule on the other.

Now, what we are doing here is not overriding a court's juridic determination on the labor dispute over the crew consist issue. We are overriding the action of the court in behalf of the employer triggering a strike. We are simply, as we have done many times before, preserving the status quo. We are suspending a change of the status quo which triggered a strike. And why are we doing that? Because all of the testimony and all of the facts that we have been able to get hold of indicate that, if a strike continued, this railroad would simply go out of existence as an integrated, operating railroad property.

Now, what is the answer to the whole question? Actually, this labor dispute is really a very small portion of the problem of the Penn Central. The problem is the problem of continuing a viable railroad in the Northeast, where it has been difficult to continue railroad operations under traditional economic conditions, conditions that have existed for a long period of time. We have simply got to grapple, not so much with the labor problem here, as with the economic question of the railroads in the Northeast. Therefore, we are not dealing with a court order that says finally that this should be the decision with regard to work rules; the court does not make this kind of decision. The court in this case is acting in behalf of the employer because the railroad is in reorganization, and it tells the employer that it should, or must, do something as an employer which simply opens the labor dispute to a more or less free-for-all. The company, pursuant to the court order, says we want you, our employees, to work under these conditions, and the union says we do not want to work under these conditions—we want to strike. So it is not a matter of the court order, or the overturning the court order, that ultimately decides the dispute; it is the contest in a strike situation that ultimately determines the work rules. Here we are simply staying that triggering process that would result in a devastating strike. That is all in the world we have done with respect to the court order.

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that I be permitted to speak for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, I take this time to explain what has happened. The Senate has passed a bill and sent it over here, which is somewhat different from ours as to the dates.

I want to explain to the House the motion I want to make when the time comes to withdraw the House resolution before the Congress, and then to request unanimous consent to bring up the Senate-passed bill and offer an amendment to it, and I want to explain the amendment.

It is at the end of the bill; there will be no changes in the moratorium, during this moratorium period, except by agreement between the transportation company and the employees. We put in the words "or by order of any court," because we know the court has a large role in the bankruptcy proceedings. The court should not have the authority to come in and just say, "Well, we are going to do this," or, "We are going to do that," during the moratorium. We think the court should be included and that there should be no changes during the moratorium except by agreement. We think the change is fair, and we think it is necessary to carry out the resolution.

Mr. Speaker, I ask unanimous consent to withdraw my request to have House Joint Resolution 331 considered by the House at this time.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate joint resolution (S.J. Res. 59) to extend the provisions of the Railway Labor Act and for other purposes.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. PICKLE. Mr. Speaker, reserving the right to object, I merely ask the chairman if the introduction of his new version does not preclude debate or amendments or any further discussion on the joint resolution.

Mr. STAGGERS. Mr. Speaker, it does not preclude anything. We are taking up the Senate measure.

Mr. PICKLE. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. GROSS. Mr. Speaker, further reserving the right to object, are there any copies of the Senate proposal available?

Mr. STAGGERS. I might say to the gentleman from Iowa that I will explain the differences between the House and Senate versions.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the Senate joint resolution as follows:

Joint resolution to extend the provisions of the Railway Labor Act and for other purposes

Whereas a labor dispute exists between the Penn Central Transportation Company and certain of its employees represented by the United Transportation Union, arising out of the Penn Central Transportation Company's implementation of a plan to eliminate approximately 5700 train crew positions; and

Whereas the recommendations of Presidential Emergency Board Number 180 did not result in a settlement of this dispute, and all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted; and

Whereas such dispute has now resulted in a cessation of the Penn Central Transportation Company's rail carrier operations; and

Whereas such cessation of operations by the Penn Central Transportation Company, a rail carrier which transports 225,000 passengers a day and 20% of the Nation's freight, and which provides many necessary connections with numerous other rail carriers operating throughout the Nation, threatens essential transportation services vital to the national health and safety; and

Whereas the Penn Central Transportation Company is now undergoing reorganization proceedings under Section 77 of the Federal Bankruptcy Act, and its court-appointed trustees have indicated that present reorganization proceedings will not be successful even with the eventual elimination of 5,700 train crew positions, alone, and that a massive infusion of Federal financial assistance would be needed; and

Whereas the financial crisis of the Penn Central Transportation Company is so acute that cessation of its operations for even a short period of time, may make it financially impossible to resume operations; and

Whereas failure of the Penn Central Transportation Company to resume operations, in addition to the previously stated impact on vital transportation services throughout the Nation, will further threaten the continued operation of other financially-imperiled rail carriers in the Northeast section of the Nation; and

Whereas the President has not provided the Congress with any proposals for preserving essential rail services in the Northeast section of the Nation, including those services which would be jeopardized by financial collapse of the Penn Central Company; and

Whereas the Congress finds that emergency measures are necessary to assure the continuity of essential rail transportation services: Now therefore, in order to encourage the parties to the dispute to reach their own agreement, and to provide time for the submission to Congress of a comprehensive plan for preserving essential rail services in the Northeast section of the nation, be it

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled, That the provisions of the final paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) shall apply and be extended for an additional period with respect to the above dispute, so that no change, except by agreement, shall be made by the Penn Central Transportation Company or by its employees, in the conditions out of which such dispute arose prior to 12:01 antemeridian of May 9, 1973.

SEC. 2. Not later than 45 days from the enactment of this joint resolution the Secretary of Transportation shall submit to the Congress a report which, regardless of the settlement of the particular dispute between the Penn Central Transportation Company and its employees represented by the United Transportation Union, provides a full and comprehensive plan for the preservation of essential rail transportation services in the Northeast section of the Nation, including the President's proposals, if any, regarding Federal financial expenditures necessary for restoration or preservation of rail transportation services imperiled by the financial failure of rail carriers, and for alternative means for providing essential transportation services now provided by such carriers.

SEC. 3. Not later than 30 days prior to the expiration date specified in the first section of this joint resolution, the Secretary of Labor shall submit to the Congress a full and comprehensive report containing—

(1) the progress, if any, of negotiations between the Penn Central Transportation Company and its employees represented by the United Transportation Union; and

(2) any such recommendations for a proposed solution of the dispute described in this joint resolution as he deems appropriate.

AMENDMENT OFFERED BY MR. STAGGERS

Mr. STAGGERS. Mr. Speaker, I offer an amendment.
The Clerk read as follows:

Amendment offered by Mr. STAGGERS: Strike out the first section and insert in lieu thereof the following:

"That the provisions of the final paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) shall apply and be extended for an additional period commencing at the expiration of the 30-day period provided for in the third paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) and ending at 12:01 a.m. May 9, 1973, so that during such period no change except by agreement shall be made by the Penn Central Transportation Company or its employees or by order of any court in the conditions out of which such dispute arose."

Mr. STAGGERS. Mr. Speaker, I assured the gentleman from Iowa I would explain the differences between the Senate resolution and the House resolution. The change mainly has to do with the change of the date. The House resolution would retain the status quo until September 24, 1973, the Senate version would only extend it until May 9 or about 90 days. Also, instead of the President reporting to the Congress as in the House version, the Secretary of Transportation will report with regard to the preservation of transportation in the Northeast within 45 days of the enactment of this resolution. The Secretary of Labor will submit to the Congress a full and comprehensive report not later than 30 days before the expiration of the resolution on the Penn Central crew consist dispute and on his recommendations for settlement of the dispute. We have changed the date, as I said, from September 24 as reported from the committee to May 9 as in the the Senate version.

Mr. GROSS. And what about court orders?

Mr. STAGGERS. We put the court orders in. No court can order a change in the situation as it was immediately before the strike began. These are the essential changes.

Mr. Speaker, I recommend to the House the passage of the joint resolution.

Mr. SCHERLE. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, the lengthy dock dispute which dragged on for 6 months last year and cost the American economy \$1 billion; dramatically pointed up the deficiencies in current labor legislation. Once the limited resources of the Taft-Hartley Act had been exhausted—the court-ordered injunction had already expired on the west coast and ran out in the east coast and gulf ports the following month. The President had no further recourse under present law, national emergency or no national emergency. All he could do was submit the case to Congress as a special crisis requiring a separate legislative solution. This "solution" is ready none at all, for it bucks responsibility to the Federal Government which should not become embroiled in labor litigation. Repeated congressional intervention violates the principle of collective bargaining and is a costly and inefficient waste of congressional energies.

Nevertheless, protracted transportation work stoppages, of which the United States has suffered a veritable plague in recent years, cannot be allowed to cripple the economy indefinitely. Some way

must be found to represent the interests of the American public in these disputes. Thousands, perhaps millions of people who have no direct connection with the longshoremen or their employers have suffered heavy losses as a result of the dock strike, yet no way now exists to make their voices heard in the bargaining session between labor and management. No one would deny the dockworkers their legitimate right to a reasonable return for their labors. At the same time, it must be realized that others are being denied the fruits of their labors because the longshoremen closed virtually every major port in the Nation to gain their ends.

Farmers have suffered perhaps most of all. But lost farm income, estimated at a million dollars a day during the strike, is not an isolated economic occurrence. Sympathy for the farmer's woes will rapidly turn to empathy as the impact of agriculture's shrunken dollar is felt in other sectors of the economy. Agricultural loans will have to be renegotiated, new purchases of farm machinery will be deferred and consumer purchasing patterns in farm States will decline sharply.

Nor are the farmers the only exporters to feel the pinch. Other producers of goods for foreign markets not only sacrifice current sales; like the farmer, they also risk permanent loss of their overseas customers to competitors who can guarantee reliable delivery on a steady basis. Precautionary stockpiling can cushion the blow for manufacturers to some extent, as it cannot for farmers who are at the mercy of seasonal harvest and perishable commodities, but even these measures do not entirely compensate for the uncertainties of a long strike. Thus the businessman on Main Street, the worker in the factory—union and nonunion alike—and the farmer in the field are all penalized for work stoppages in the transportation industries.

In order to avert another such disaster for the economy, I plan to introduce a bill in the new session of Congress revising the Taft-Hartley Act to broaden its coverage to the entire transportation industry, including rail, air, maritime, longshore, and trucking. My proposal would also extend the President's power to deal with national emergencies in the industry, and would redefine "national emergency" to include regional strikes with national impact, a concept not now recognized under Taft-Hartley. When the present provisions of the law have been exhausted, my bill would give the President three additional options which could be exercised singly or in succession, as his judgment of the situation warranted.

First, he could extend the cooling-off period up to 30 days more. This option would be useful if a settlement appeared imminent. In the event that no end to the dispute seemed to be in sight, he could direct the workers to resume partial operations, just enough to insure essential transportation services. Finally, if the participants were unable to reach agreement, he could empanel three neutral parties to act as judges. Labor and management would each submit a final offer and the three would then select one of the two. No arbitration would be permitted. Whichever offer was chosen would become the binding contract between labor and management. This solution should induce the participants to submit reasonable and realistic proposals since the panel would obviously reject extreme demands in favor of a more moderate

position. It is hoped that the "final offer selection" device will obviate the need for arbitration by providing the necessary incentive for compromise.

It is my belief that this bill represents a viable solution to the impasse provoked by protracted transportation strikes. Despite the demonstrated need for such legislation, however, Congress has so far been reluctant to act. President Nixon submitted similar legislation almost 2 years ago. It is still languishing in committees in the Senate and the House. AFL-CIO President George Meany rejected these proposals when they were introduced, contending that they nullify the principle of collective bargaining and impose compulsory arbitration under another name. This is both inaccurate and short-sighted. All three additional options provided in my bill are actually incentives to labor and management to settle their own disputes. The deficiencies of the present law, on the other hand, virtually insure Federal intervention because Congress is forced to step in with special legislation in default of any other procedure for resolving labor-management differences.

Hopefully, the majority of my colleagues will recognize the fallacy of this reasoning and its partisan motivation. We must act promptly in the public interest to forestall future recurrences of strangling strikes. My bill offers one way to accomplish this. Those who reject it should be prepared to furnish a better solution.

The material referred to follows:

SAD SOYBEAN STORY IN IOWA RAIN: FREIGHT TRAIN BREEZES PAST \$15,000 SHIPMENT IN OPEN GONDOLA CARS

(By Arlo Jacobson)

FARLIN, IA.—It was impossible to tell Thursday if the trickles of moisture running down Larry Dingman's cheeks were tears of frustration or just some of the rain ruining \$15,000 worth of soybean loaded in open gondola cars.

Farlin, located just five miles northwest of Jefferson, is so small that it isn't listed on road maps. About the only outsider aware of its existence is the Milwaukee Road.

Dingman, manager of the elevator here, was assured last week by a railroad representative that—because of the current boxcar shortage—the railroad would give priority to corn or soybeans loaded into open gondola cars because of their vulnerability to rain or snow.

So Dingman thought he had a safe bet when he received three gondola cars on Tuesday when the Milwaukee shuttle between Perry and Rockwell City made its run northward. The train was to return on Wednesday and pick up the cars.

Rain was forecast for Thursday, but Dingman only had to get the soybeans to the Cargill plant in Des Moines. He had two of the loaded gondolas waiting Wednesday when the freight made its trip back south.

BREEZED PAST

But the train breezed right on past the elevator, never even stopping.

Alarmed, Dingman got in his car and, following county roads, beat the train to a crossing two miles east of the elevator. There he flagged down the train.

But the conductor would not agree to pick up the cars. Dingman said the conductor maintained he had no instructions to give priority to open gondola cars.

The conductor told Dingman he had orders to pick up cars at the Jefferson elevator loaded with Commodity Credit Corp. (CCC) corn that the government had dumped onto the market.

The train couldn't pick up Dingman's cars he was told, because it would put the train over its limit of about 50 cars on that particular branch line.

EXPRESSES INDIGNATION

Dingman expressed his indignation in no uncertain terms.

But the train pulled out without the gondolas. Wednesday night it started raining. Thursday when the train trudged through Farlin on its run north, the rain was pouring down. By afternoon it was rain mixed with snow.

The 3,600 bushels of soybeans were getting wetter and wetter. Soybeans expand when they get wet. They've been known to pop open steel bins. On open gondola cars they'll just expand upward and spill over the sides—like popcorn.

Dingman couldn't predict how many soybeans would be left in the gondola cars this morning. But he estimated at least 20 percent would be lost from spillage and spoilage.

"It's a mess," Dingman said. "It really is—when they haul away the government corn instead of something like this.

"They told me at that meeting at Ames they'd give priority to take gondola cars as soon as they were loaded. It'd be different if they hadn't told me they would take them."

EMERGENCY SESSION

The meeting at Ames last week was an emergency session to try to find solutions to the grain transportation dilemma that has the entire Midwest in a bind. The Milwaukee representative who attended is no longer superintendent of the Perry division, which serves Farlin.

"I've heard a little about it (the Farlin situation)," commented the trainmaster at Perry, who declined to give his name.

WAS OVERLOOKED

"It apparently was a matter of the conductor having a message to pick up cars at Jefferson and the cars at Farlin would have put him over the allowed tonnage.

"The matter was brought to me and there will be a correction and the crews will be informed. Apparently the message on priorities for gondola cars loaded with grain was overlooked.

"In fact, the crews have been informed to never leave open top gondola cars—to take them in preference to anything else. It was just a mistake. People make them every day."

In Farlin, Dingman was muttering something about the mistake as the moisture trickled slowly down his face.

(Mr. Scherle asked and was given permission to revise and extend his remarks.)

The SPEAKER. The question is on the amendment offered by the gentleman from West Virginia (Mr. STAGGERS).

The amendment was agreed to.

Mr. PICKLE. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, we are plowing the same ground we have plowed many times before. We have gone up the mountain and down the mountain, as I said, eight or 10 times in the last 6 years. Let me recite a bit of history for Members of the House.

In 1966 Congress was in the process of ordering striking machinists back to work in a dispute with the union and five major airlines when the parties reached a settlement ending a 42-day-old strike. In 1967 Congress acted three times to deal with a threatened nationwide rail strike, the first strike in 20 years. Two actions postponed the strike, the third ended the strike after a 2-day walkout. This problem involved the shopcraft unions versus the railroads.

In the spring of 1970 Congress headed off a rail strike first by postponing the strike for a month or so, and later by enacting legislation that imposed a 17-month moratorium between the management and

four shopcraft unions. In December 1970 Congress was beat to the crossing. We tried to avoid another strike by enacting an 81-day moratorium, but action came too late to stop a brief walkout. This dispute also involved the shopcraft unions and the railroads.

In May of 1971 a short strike prompted Congress to approve emergency legislation that sent 13,500 signalmen back to work and ordered the railroads to give the workers an interim 13.5-percent wage increase. In November of 1971 this dispute was settled.

Of course, we all remember the west coast dock strike of 1971-72.

Mr. Speaker, that is eight or 10 times in the last 6 years that we have come here at the 12th hour or at 5 minutes before 12 and we have acted as an arbitration board, in effect the other body and this body comprising a body of 535 Members on an arbitration board.

We are engaged in a debate as to whether it is actually a dispute or whether we are actually contravening a court order. The trustees have recommended that by the process of attrition they reduce the crew from one conductor to one brakeman over a period of time and that action this year could save as much as \$13 million this year and could save up to maybe \$90 million over a period of 8 years or more.

We are trying to pass judgment on whether we are right or wrong, but I say, Mr. Speaker, I do not know that anyone can say whether we are right or wrong, and I think it is difficult for us to pass judgment on whether these men should be allowed to be released on an attrition basis. I think it is questionable whether we should try to decide whether they should be kept on a regular basis.

We ought not to be involved in the merits of the case, but that is what we are doing. We are doing the same thing we have done eight or 10 times in the last 6 years. When are we going to set up some kind of transportation strike machinery?

We did try to have some kind of hearings last year, but could not get it out of the subcommittee. We on the committee recognize that this is not an easy answer. The chairman of the committee agonizes over this matter as much as anyone. Every member of the committee on both sides recognizes that there is no good answer except, in my opinion, the answer must lie in the establishment of some kind of machinery which will settle national transportation strikes.

We shall not come face to face with an answer when we have hearings in an ad hoc manner like this. This is not the solution.

I do not know what I would later be prompted to do if we turned this joining resolution down, because it is a very painful decision to make, but I am not going to vote for this resolution.

I think we ought to face the responsibility of setting up some kind of machinery which can prevent this type of thing year after year after year. What assurance do you have, if massive Federal assistance is given to Penn Central, and we may well have to do that, that this is going to settle this particular strike?

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Arizona.

Mr. RHODES. I certainly agree with what the gentleman is saying about the need for machinery to correct this thing and about it going on year after year after year.

We need a mechanism for dealing with this kind of thing. I certainly hope the great committee the gentleman is serving on will take up the matter.

Mr. PICKLE. I know the chairman will ask our subcommittee to have immediate hearings on some kind of strike legislation. We have got to face it. We might as well do it. I hope we can do it immediately.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

[From the Congressional Record—Senate, Feb. 8, 1973]

EXTENSION OF PROVISIONS OF THE RAILWAY LABOR ACT

Mr. WILLIAMS. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on Senate Joint Resolution 59.

The Presiding Officer (Mr. Scott of Virginia) laid before the Senate the amendment of the House of Representatives to the joint resolution (S.J. Res. 59) to extend the provisions of the Railway Labor Act, and for other purposes, which was to strike out all after the resolving clause in section 1, and insert the following:

That the provisions of the final paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) shall apply and be extended for an additional period commencing at the expiration of the 30-day period provided for in the third paragraph of section 10 of the Railway Labor Act (45 U.S.C. 160) and ending at 12:01 a.m. May 9, 1973, so that during such period no change except by agreement shall be made by the Penn Central Transportation Company or its employees or by order of any court in the conditions out of which such dispute arose.

The Senate proceeded to consider the amendment.

Mr. WILLIAMS. Mr. President, the House has passed Senate Joint Resolution 59. There was just the one amendment that will only take me a moment to explain.

Mr. President, we provided in our resolution that during the period between enactment and May 9, 1973, no change except by agreement shall be made between Penn Central Transportation Co. or by its employees in the conditions out of which the dispute arose.

The House amendment, in effect added the provision that not only can no changes be made, except by agreement between the Penn Central Transportation Co. and its employees, but that no court can make any change in the conditions out of which the dispute arose.

That is the substance of the amendment that was offered in the House to the Senate joint resolution and agreed to there.

I feel that in the nature of the situation in which Penn Central is involved, the prohibition against changes being ordered by any court is a reasonable provision, and I am willing to accept it.

Mr. GRIFFIN. Mr. President, I am authorized to say for the distinguished ranking minority member of the committee (Mr. Javits) that he has no objection to the amendment added by the House.

As for the junior Senator from Michigan, I wish to observe, first of all, that the House did accept the Senate's time frame, despite the fact that the House committee had earlier reported a resolution providing for a 6- or 7-month extension of the status quo.

Frankly, I do not believe that the addition by the House of this particular amendment makes any difference, legally speaking. If the Congress passes this resolution with or without the words added by the House, the courts would be bound to respect it.

So, while the situation we face is not what I have advocated in all respects, I believe we have no realistic choice at this juncture except to proceed to adoption of the resolution as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the House of Representatives.

The amendment was agreed to.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare may have until noon tomorrow to file the report on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

93^D CONGRESS
1ST SESSION

S. J. RES. 58

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 1973

MR. GRIFFIN introduced the following joint resolution; which was read twice
and referred to the Committee on Labor and Public Welfare

JOINT RESOLUTION

To provide for the temporary prohibition of strikes or lockouts
with respect to the current labor-management dispute be-
tween the Penn Central Railroad and certain of its employees.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That the provisions of the final paragraph of section 10 of
4 the Railway Labor Act (45 U.S.C. 160) shall apply and be
5 extended for an additional thirty-day period with respect to
6 the pending dispute between the Penn Central Railroad and
7 certain of its employees represented by the United Trans-
8 portation Union so that no change, except by agreement,
9 shall be made by the railroad or their employees, in the
10 conditions out of which such dispute arose prior to 12:01
11 antemeridian, March 10, 1973.

II

93^d CONGRESS
1st SESSION

H. J. RES. 331

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 1973

Mr. STAGGERS introduced the following joint resolution; which was referred to the Committee on Interstate and Foreign Commerce

JOINT RESOLUTION

To extend the Railway Labor Act, and for other purposes.

Whereas a labor dispute exists between the Penn Central Transportation Company and certain of its employees represented by the United Transportation Union, arising out of the Penn Central Transportation Company's implementation of a plan to eliminate approximately five thousand seven hundred train crew positions; and

Whereas the recommendations of Presidential Emergency Board Numbered 180 did not result in a settlement of this dispute, and all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted; and

Whereas such dispute has now resulted in a cessation of the Penn Central Transportation Company's rail carrier operations; and

Whereas such cessation of operations by the Penn Central Transportation Company, a rail carrier which transports two hundred and twenty-five thousand passengers a day and 20 per centum of the Nation's freight, and which provides many necessary connections with numerous other rail carriers operating throughout the Nation, threatens essential transportation services vital to the national health and safety; and

Whereas the Penn Central Transportation Company is now undergoing reorganization proceedings under section 77 of the Federal Bankruptcy Act, and its court-appointed trustees have indicated that present reorganization proceedings will not be successful, even with the eventual elimination of five thousand seven hundred train crew positions alone, and that a massive infusion of Federal financial assistance would be needed; and

Whereas the financial crisis of the Penn Central Transportation Company is so acute that cessation of its operations for even a short period of time may make it financially impossible to resume operations; and

Whereas failure of the Penn Central Transportation Company to resume operations, in addition to the previously stated impact on vital transportation services throughout the Nation, will further threaten the continued operation of other financially imperiled rail carriers in the northeast section of the Nation; and

Whereas the President has not provided the Congress with any proposals for preserving essential rail services in the Northeast section of the Nation, including those services which would be jeopardized by financial collapse of the Penn Central Company; and

Whereas the Congress finds that emergency measures are necessary to assure the continuity of essential rail transportation services: Now, therefore, in order to encourage the parties to the dispute to reach their own agreement, and to provide time for the submission to Congress of a comprehensive plan for preserving essential rail services in the northeast section of the Nation, be it

1 *Resolved by the Senate and the House of Representa-*
2 *tives of the United States in Congress assembled, That the*
3 provisions of the final paragraph of section 10 of the Rail-
4 way Labor Act (45 U.S.C. 160) shall apply and be ex-
5 tended for an additional period commencing at the expiration
6 of the thirty-day period provided for in the third paragraph
7 of section 10 of the Railway Labor Act (45 U.S.C. 160)
8 and ending at 12:01 antemeridian September 24, 1973, so
9 that during such period no change except by agreement shall
10 be made by the Penn Central Transportation Company or
11 its employees or by order of any court in the conditions out
12 of which such dispute arose.

13 SEC. 2. Not later than sixty days from the enactment of
14 this joint resolution the President shall submit to the Con-
15 gress a report which, regardless of the settlement of the
16 particular dispute between the Penn Central Transporta-
17 tion Company and its employees represented by the United
18 Transportation Union, provides a full and comprehensive
19 plan for the preservation of essential rail transportation

1 services in the northeast section of the Nation, including the
2 President's proposals, if any, regarding Federal financial
3 expenditures necessary for restoration or preservation of
4 rail transportation services imperiled by the financial failure
5 of rail carriers, and for alternative means for providing es-
6 sential transportation services now provided by such carriers.

7 SEC. 3. Not later than thirty days prior to the expira-
8 tion date specified in the first section of this joint resolution,
9 the President shall submit to the Congress a full and com-
10 prehensive report containing—

11 (1) the progress, if any, of negotiations between
12 the Penn Central Transportation Company and its em-
13 ployees represented by the United Transportation
14 Union; and

15 (2) any such recommendations for a proposed solu-
16 tion of the dispute described in this joint resolution as
17 he deems appropriate.

Material Furnished Committee by

Al Chesser, President, United Transportation Union

INDEX TO ATTACHMENTS

1. BACKGROUND AND SUMMARY OF FACTS RELATIVE TO A MAJOR DISPUTE EXISTING BETWEEN THE PENN CENTRAL RAILROAD AND UNITED TRANSPORTATION UNION WHICH THREATENS TO DISRUPT SERVICE ON THE PENN CENTRAL.
2. ATTACHMENT "A" - JANUARY 29, 1965 AGREEMENT.
3. ATTACHMENT "B" - CARRIERS' NOTICE.
4. ATTACHMENT "C" - REPORT OF EMERGENCY BOARD NO. 180.
5. ATTACHMENT "D" - COPY OF INTERIM AGREEMENT OF JULY 21, 1972.
6. ATTACHMENT "E" - COPY OF REPORT OF STANDING COMMITTEE.
7. ATTACHMENT "F" - REORGANIZATION COURT ORDER 1055.
8. ATTACHMENT "G" - QUOTE FROM LETTER OF STAFFORD-CHRMN. ICC-TO WRIGHT PATMAN.
9. ATTACHMENT "H" - LIST OF RAILROADS WHERE CREW CONSIST AGREEMENTS EXIST AND ABSTRACTS FROM SUCH AGREEMENTS.
10. ATTACHMENT "I" - LUNA'S LETTER OF FEB. 1, 1965 TO SUBORDINATE UNION OFFICERS.
11. ATTACHMENT "J" - JANUARY 27, 1972 NATIONAL AGREEMENT.
12. ATTACHMENT "K" - JULY 19, 1972 MANNING AGREEMENT.

1. The first of these is the fact that the United States has a large and growing population of Chinese and Japanese residents in the United States.

INDEX TO ATTACHMENTS

1. BACKGROUND AND SUMMARY OF FACTS AND STIPES TO A NATION
DISPUTE EXISTING BETWEEN THE UNITED STATES AND JAPAN
AND THE UNITED STATES OF AMERICA WITHIN THE LAST
DISPUTE BETWEEN THE UNITED STATES AND JAPAN

2. ATTACHMENT A - JANUARY 20, 1955 FACTS

3. ATTACHMENT B - CARRIER NOTICE

4. ATTACHMENT C - REPORT BY THE UNITED STATES AND JAPAN

5. ATTACHMENT D - COPY OF INTERIM REPORT OF JUNE 21, 1955

6. ATTACHMENT E - COPY OF REPORT OF JUNE 21, 1955

7. ATTACHMENT F - RECOMMENDATION OF JUNE 21, 1955

8. ATTACHMENT G - REPORT BY THE UNITED STATES AND JAPAN

9. ATTACHMENT H - LIST OF CARRIERS WHICH ARE NOT LISTED

10. ATTACHMENT I - LIST OF CARRIERS WHICH ARE NOT LISTED

11. ATTACHMENT J - LIST OF CARRIERS WHICH ARE NOT LISTED

12. ATTACHMENT K - SUMMARY OF 1955 NATIONAL ACTION

13. ATTACHMENT L - SUMMARY OF 1955 NATIONAL ACTION

BACKGROUND AND SUMMARY OF FACTS RELATIVE TO A
MAJOR DISPUTE EXISTING BETWEEN THE PENN CENTRAL
RAILROAD AND UNITED TRANSPORTATION UNION WHICH
THREATENS TO DISRUPT SERVICE ON THE PENN CENTRAL

This dispute was initiated by Penn Central serving notice on the Union dated June 7, 1971, to cancel the Crew Consist Agreement proposed by Carrier representatives and accepted by the Union on January 29, 1965, and to substitute in lieu thereof an agreement giving Penn Central the unilateral right to determine the number of brakemen (helpers) used in making up train and yard crews.

Attachment "A" is a copy of the Agreement of January 29, 1965.

Attachment "B" is a copy of new agreement proposed by Penn Central.

On June 16, 1971, Penn Central and UTU commenced negotiations on the Carrier's notice which the Carrier stated contemplated eliminating one trainman (helper) on all crews in train and yard service which now consist of as many as two trainmen (helpers).

On November 18, 1971, the Penn Central-UTU crew consist dispute was referred to the National Mediation Board and mediation continued through March, 1972.

February 1, 1972, the National Mediation Board proffered arbitration to the parties in accordance with Section 5 of the Railway Labor Act. This proffer was originally accepted by the Penn Central but later rejected. The UTU deferred its decision.

March 1, 1972, the National Mediation Board released the Penn Central-UTU case, and the parties were required to maintain the status quo for thirty days.

March 14, 1972, Penn Central announced it would unilaterally put its crew consist proposal in effect on April 1. The Carrier indicated that about 6,000 brakemen's jobs ultimately would be eliminated.

-2-

March 31, 1972, President Nixon created Emergency Board No. 180 to investigate and report on the dispute within 30 days pursuant to the Railway Labor Act. This action required the parties to maintain the status quo for this period and for 30 days after the board submitted its report to the President. March 15, 1972, Emergency Board No. 180 submitted its report to the President. The Board recommended that the parties resume negotiations to resolve the issues. If the parties accepted the recommendations, but were unable to reach agreement by January 4, 1973, the Board would reconvene and recommend an "ultimate solution" in a final report. Attachment "C" is a copy of the report of Emergency Board No. 180.

May 24, 1972, the United Transportation Union accepted the Board's report as a basis for negotiating settlement of the crew consist dispute.

June 7, 1972, Penn Central responded to the Board's report without either accepting or rejecting its recommendations by promising to "continue hard bargaining."

July 12, 1972, Judge Fullam ordered the trustees to proceed with plans to reduce the size of train crews while at the same time directing them to negotiate with the UTU. The carrier posted notices that it would begin to phase out 5,700 jobs on July 26, 1972.

July 14, 1972, Judge Fullam issued a more complete opinion in support of his order of July 12, stating that, "As the matter now stands, the trustees should not accept the report of Board 180."

July 21, 1972, the parties (Penn Central and UTU) reached an interim agreement on the disposition of the crew consist issue with the assistance of Assistant Secretary of Labor W. J. Usery, Jr., and George Ives of the National Mediation Board. The agreement provided for the reduction of 285 crews by one man and the establishment of a standing committee. Attachment "D" is a copy of the July 21, 1972 interim agreement.

- 3 -

On November 30, report of the standing committee was submitted to the Secretary of Labor and Chairman of the National Mediation Board. The report concluded by recommending that Penn Central and UTU continue to bargain over the crew consist issue in good faith. Attachment "E" is a copy of the report of the standing committee.

In subsequent negotiations pursuant to the report of the standing committee, Penn Central steadfastly refused to accept the interim agreement of July 21, 1972, which permitted reducing 285 crews by one man (brakeman), (which the carrier conceded would result in saving them in excess of \$4 million annually) in settlement of this dispute, and instead made application to the Reorganization Court for permission to arbitrarily place into effect the train crew consist rule embodied in their notices to the Union dated June 7, 1971, which also provides for cancellation of the crew consist agreement proposed by Penn Central representatives and accepted by the Union on January 29, 1965.

On December 22, 1972, the Reorganization Court issued Order No. 1055 authorizing and directing Penn Central trustees to proceed with cancellation of the January 29, 1965 consist agreement (Attachment "A") and to implement in lieu thereof a new agreement as proposed by Penn Central in their notice of June 7, 1971 to the Union. Attachment "F" is a copy of Reorganization Court Order No. 1055.

Upon receipt of Order 1055, issued by the Reorganization Court, Penn Central promptly announced their intention to unilaterally cancel the Crew Consist Agreement of January 29, 1965; put its crew consist proposal in effect on January 12, 1973, and commence reducing crews which now consist of two brakemen (helpers) by one man, ultimately resulting in the elimination of approximately 6,000 brakemen. Upon receipt of the Carrier's notice, UTU advised that employees would

-4-

have no alternative except to exercise their right to withdraw from service effective January 12, 1973, whereupon the Secretary of Labor requested and both parties agreed to enter into further negotiations in an effort to settle the dispute by mutual agreement and in the meantime refrain from exercising self help until 12:01 A.M., February 8, 1973.

UTU has utilized every opportunity through negotiations under the auspices of the Secretary of Labor to reach an agreement with Penn Central representatives disposing of this dispute. Our efforts thus far have been futile notwithstanding the fact that the interim agreement of July 21, 1972, rejected by Penn Central, is far more liberal to Penn Central than most agreements made with other carriers disposing of the same issue.

The steadfast refusal of Penn Central to make an agreement disposing of this dispute similar to agreements made by other Class I Railroads (except C&NW) represented by the National Railway Labor Conference makes it obvious that Penn Central, armed with an order from the Reorganization Court, fully intends to force Congress to resolve the issue in dispute. The uncompromising attitude of Penn Central representatives in numerous conferences has furnished ample evidence of this fact and it appears that Penn Central has conveyed, in one manner or another, the same impression to Governmental agencies and others. As example, Mr. George M. Stafford, Chairman, Interstate Commerce Commission, in letter addressed to the Honorable Wright Patman, Chairman, Banking and Currency Committee, House of Representatives, dated January 3, 1973, stated in part:

"The trustees propose to unilaterally reduce the size of train crews, since negotiations with the United Transportation Union on this issue have reached an impasse. The Reorganization Court has already granted approval for such action; however, the trustees must give operating employees at least 14 days' notice before implementing any reductions. The Union has declined to comment at this time. Since all the procedures of the Railway Labor Act have been exhausted, Congressional action may be necessary to resolve the train crew size dispute."

Copy of Mr. Stafford's letter above quoted from is attached and marked Attachment "G".

-5-

CONGRESS HAS PREVIOUSLY DEALT WITH AN IDENTICAL DISPUTE

A dispute identical to the dispute which Penn Central now appears to be determined to force Congress to dispose of, was resolved by a Joint Resolution of Congress approved August 28, 1963 (Public Law 88-108) which established Arbitration Board No. 282. The results of this law were negotiated away at its own insistence voluntarily by the Penn Central in arriving at the January 29, 1965 Agreement that they now repudiate. A brief history of that dispute is outlined as follows:

November 2, 1959, all Class I Carriers in the United States served notice pursuant to Section 6 of the Railway Labor Act on the then five operating railway unions, four of which are now a part of the UTU, to cancel all crew consist rules and to establish a new rule giving the Carrier the unilateral right to determine the consist of crews under any and all circumstances in all classes of yard and road services. Negotiations followed but the Carriers' notice had not been disposed of on October 17, 1960.

November 1, 1960, former President Eisenhower issued Executive Order 10891 establishing the Presidential Railroad Commission to inquire into a controversy between certain carriers and certain of their employees. The two main issues in dispute involved a fireman-manning issue which was disposed of by agreement between the NRLC and UTU dated July 19, 1972 (See Attachment "K") and the consist of crews. Railway Labor and management have agreed that the Presidential Railroad Commission made the most extensive and expensive investigation of these two issues and other issues involved that have ever been made of railroad work rules by any tribunal. On February 6, 1962, this Commission submitted their report and recommendations for settlement of the issues involved to former President Eisenhower. It is significant however that the Commission did not recommend giving the Carriers the

-6-

right to unilaterally determine the consist of crews as Penn Central now proposes to do as evidenced by Page 58 of their report, reading in part:

"It is obvious from the foregoing that we do not consider that the carriers should have the unlimited discretion which their proposals contemplate. Nor do we believe there should be negotiated a 'National Rule' freezing minimum crew consist as proposed by the Organizations."

The Commission's report and recommendations did not result in disposing of the fireman-manning issue or the crew consist dispute, and on April 3, 1963, the President of the United States issued Executive Order 11101 establishing Emergency Board No. 154 to further investigate these disputes. On August 13, 1963, Emergency Board No. 154 submitted their report and recommendations on the manner in which these disputes should be disposed of. Carrier and Union representatives conducted further negotiations on the basis of this report but failed to reach agreement disposing of the issues.

In order to avoid a national rail strike, Congress established Arbitration Board No. 282 by adoption of joint resolution approved August 28, 1963--Public Law 88-108.

On November 25, 1963, Arbitration Board No. 282 rendered an award directing Carrier representatives and Union representatives on the individual railroads to conduct further negotiations on each individual railroad in an effort to dispose of the crew consist issue. The award contained further provisions for arbitration of the dispute on individual properties if the parties failed to reach agreement through such negotiations, with the exception that crews consisting of one conductor and two trainmen on trains operating over the Carrier's main line would not be disturbed and would not be subject to arbitration (Page 14, Section A(3) of the Award).

-7-

Summarized, the Award provided the following procedure as to crew consist:

(a) Either party desiring change should give notice to the other. There should follow a relatively short period of negotiation.

(b) Categories of jobs that could be subject to notice were:

1. Yard crews
2. Branch line crews
3. Other crews having a complement of more
or less than two trainmen (Emphasis added).

(c) If no agreement were reached the case would go to a special board of adjustment for binding arbitration, with a decision to be rendered in 60 days.

(d) National guidelines were established, rather numerous in number, but all centering on the issues of safety, efficiency, and workload.

Results of the proceedings under Award 282 may be summarized as follows:

In the two-year period between January 25, 1964, and January 25, 1966, 96 crew consist awards were rendered by special boards of adjustment on the individual railroads.

The various individual carriers in their proposals asked the several special boards of adjustment to permit the elimination of a total of 5,571 positions. After hearing the evidence the boards authorized the elimination of a combined total of 4,855 positions on all of the various individual railroads.

- 8 -

During these same two years 95 crew consist agreements were executed on individual railroads, obviating in those cases a need for arbitration.

In summary, arbitration under the provisions of Arbitration Award No. 282 on 96 railroads and agreements reached on 95 additional railroads involving crews consisting of one conductor and two trainmen resulted in reducing a combined total of 5,894 crews from one conductor and two trainmen to one conductor and one trainman on a total of 191 of the nation's railroads during the life of Arbitration Award No. 282--Jan. 25, 1964 to Jan. 25, 1966.

Penn Central now proposes to reduce between 5,700 and 6,000 crews from one conductor and two brakemen to one conductor and one brakeman, a combined total of crews equivalent to or in excess of the number of crews reduced on 191 of the nation's railroads by arbitration and agreements during the life of Arbitration Award No. 282.

Prior to or following the expiration of Award No. 282, all of the nation's railroads represented by the National Railway Labor Conference, except Chicago and North Western, reached agreement disposing of the crew consist issue restoring the second brakeman on a majority of the crews which were reduced by arbitration and agreement during the life of Award No. 282. As example we quote the following from page 44 of Penn Central's

- 9 -

Exhibit No. 1 to Emergency Board No. 180:

"A summary of what was surrendered in such final settlements shows the extent of the capitulation:

	Authorized By <u>Award 282</u>	Actually So Working <u>Working</u>	Permitted to So Work Under <u>Settlement</u>
Missouri Pacific (including T&P)	454	108	21
Seaboard Coast Line	360	256	52
Southern Ry.	155	120	37"

Attachment "H" is a list of railroads that have made agreements with UTU representatives disposing of the Crew Consist Dispute and an abstract of such agreements showing dates they were consummated and the number of crews reduced by the agreements.

A review of crew consist agreements on other railroads presents positive proof that Penn Central now appears determined to reduce their train and yard crews far in excess of the combined total number of all train and yard crews reduced on all other railroads, obviously ignoring the necessity for safe and efficient operations which must be observed if the railroad hopes to protect their present business and render the type of service that will attract new business; otherwise, reorganization will be impossible according to the November 21, 1972 issue of Stockholders and Creditors News Service which stated Mr. Jervis Langdon, Jr., Penn Central trustee, was adamant in his position that the trustees must "be assured Penn Central freight volume will increase on a steady trend," and quoted Mr. Langdon as saying:

- 10 -

"Even if we get 100% of all the conditions we put down for reorganization, if we can't project an increase in business volume, it won't work."

Further evidence of the absolute necessity for increasing the volume of traffic is found in Penn Central Trustees' Interim Report of January 1, 1973, Page 1, reading in part:

"The Trustees have concluded that without government financial assistance for improvement of the railroad, a reorganization of Penn Central cannot be achieved in 1976, as they had considered possible.

"...The purpose of the assistance would be to improve Penn Central's plant and provide more serviceable equipment in order that the projected volume increase in traffic--upon which the reorganization depends--can in fact be realized. Otherwise stated, without such financial help, one of the four prime conditions to reorganization--an increasing volume of freight traffic--cannot be met."
(Emphasis added)

Railroads have nothing to sell to the public except service and it is obvious that when a railroad reduces the number of employees necessary to render prompt and efficient service to the public the volume of business will reduce--not increase. This is particularly applicable to members of train and yard crews who actually render the service to the patrons of the railroad.

By attempting to establish a rule providing for the use of one trainman instead of two trainmen on trains operating over main line territory, it is also obvious that Penn Central is ignoring and attempting to substitute their judgment for the judgment of the three neutral members of Arbitration Board No. 282 who did not permit reducing crews operating over the main line from two trainmen to one trainman.

-11-

To permit a reduction as proposed by Penn Central in the number of train and yard crews would make it impossible for the railroad to promptly and efficiently handle their present volume of business and certainly preclude the possibility of attracting new business regardless of the amount of financial aid and assistance received from the government and other sources, and we respectfully submit that it would be unjust to the public, the Penn Central stockholders, the creditors, the trustees and employes of Penn Central to permit management to reduce the number of train and yard crews beyond the number of such crews reduced by other railroads, thus rendering the railroad unable to afford competitive service, thereby making reorganization an impossibility. Further, for Congress to again repeat its efforts of August 28, 1963 in this private dispute it would be guilty of creating the rankest type of ad hoc "class" legislation that would forever provoke and/or encourage other large transportation carriers to seek refuge in Congress by creating emergencies under the guise of labor disputes to bail them out of their self-inflicted mismanagement problems.

- 12 -

BACKGROUND OF CREW CONSIST AGREEMENT
 PROPOSED BY PENN CENTRAL AND ACCEPTED
 BY THE UNION ON JANUARY 29, 1965, WHICH
 PENN CENTRAL NOW PROPOSES TO CANCEL

Former Pennsylvania and former New York Central representatives (now Penn Central) evaluated the provisions of Arbitration Award No. 282 thoroughly and decided to voluntarily abandon the train crew consist benefits of Award 282 and instead seek an agreement with union representatives which was proposed to and accepted by former President Luna, of the former BRT, on January 29, 1965. (See ATTACHMENT "A")

The carrier's reasons for making this election was made clear on Pages 34 and 35 of their Exhibit No. 1 to Presidential Emergency Board No. 180, reading as follows:

"The Luna Agreements
(Appendices F & G)

"On January 29, 1965, twenty-two eastern railroads, including the Pennsylvania and New York Central, made an agreement with the Brotherhood of Railroad Trainmen (BRT) known as the Luna Agreement, reestablishing a minimum crew consist of a conductor and two trainmen in all classes of service. A copy is attached as Appendix F. Seven other eastern roads subsequently became signatories. An identical agreement was signed by the Baltimore and Ohio and its subsidiaries on March 22, 1965.
The question of course arises as to why almost all eastern railroads voluntarily abandoned the train crew consist benefits of Award 282. (Emphasis added)

- 13 -

"The agreements were not motivated by considerations of safety, work load, efficiency of operation, or other requirements of the service. Nor was this the 'price' for the BRT withdrawing its opposition to the Penn Central merger, that had been accomplished nearly a year before by the Merger Protective Agreement. The reason for negotiating the contracts is found in paragraph 5 which reads:

'Upon acceptance of this Agreement the Brotherhood of Railroad Trainmen will immediately withdraw all opposition to repeal of existing statutory and regulatory minimum crew requirements and from participation in any litigation concerning the legality of such requirements in the states covered by this Agreement. Further, the Brotherhood will not institute or support the adoption of any minimum crew consist laws or regulations in the states covered by this Agreement while this Agreement is in effect.'

"At the dates of these contracts the laws of New York, Ohio and Indiana required a minimum five man crew (engineer, fireman, conductor, and two trainmen) in all classes of road freight and yard service. A third brakeman was required on road freight trains of more than twenty-five cars in New York, and more than 70 cars in Indiana. Regulations in Massachusetts required two trainmen on all yard and road freight crews, and a third trainman for certain operations. Passenger service requirements varied but generally were even more burdensome. (Emphasis added)

- 14 -

"The eastern railroads had for many years been attempting to secure repeal of these outdated laws and regulations but without any success, despite the active cooperation and favorable recommendations of various public officials and commissions. The railroads were advised that there was no prospect of early repeal unless the opposition of the railroad brotherhoods could be reduced or eliminated." (Emphasis added)

As pointed out in carrier's above-quoted statement, in order to eliminate state laws, particularly in New York and Indiana, which required the use of three brakemen on trains under certain circumstances, Penn Central representatives proposed an agreement to former President Luna of the former BRT (now UTU) providing for a crew consist of two trainmen on all road and yard crews with the exceptions which permit one brakeman on certain crews noted in the agreement. (See ATTACHMENT "A")

The carrier's offer of a crew consist rule above outlined was contingent upon the union withdrawing all opposition to repeal of existing statutory and regulatory minimum crew requirements in the states in which the 22 eastern railroads operated, with the further proviso that the union would not institute or support the adoption of any new minimum crew consist laws or regulations in the states in which the 22 eastern railroads operated. (See ATTACHMENT "A" - Page 3, Paragraph 5.)

Former President Luna, of the former BRT, accepted the carrier's offer by signing in the space provided and promptly

- 15 -

issued instructions to all subordinate union officers to immediately withdraw all opposition to the repeal of "full crew laws" existing in the states in which the 22 railroads involved operated and to cease participation in any litigation concerning the legality of such requirements in the states covered by the agreement, also to refrain from instituting or supporting the adoption of any new minimum crew consist laws or regulations in any of the states in which the 22 railroads operated. ATTACHMENT "I" is copy of former President Luna's letter to subordinate union officers.

As the result of the union withdrawing opposition to the repeal of existing full crew laws in the states involved and ceasing to promote and support the adoption of any new minimum crew consist laws or regulations in the states involved, it became apparent during the latter part of 1970 that all full crew laws in the states involved which had not been repealed, would be repealed and that no new or additional minimum crew laws or regulations governing consist of crews would be adopted in these states. The last state law of this nature was repealed during 1972. The repeal of such laws and/or regulations by the states involved has resulted in savings of many millions of dollars to the railroads operating within these states, including Penn Central.

In making this assertion we have not overlooked the carrier's statement appearing on Page 41 of their Exhibit No. 1 to Emergency Board No. 180, reading:

- 16 -

"In fact, the only benefit realized to date has been from elimination by attrition of the third trainman on freight trains in New York beginning in 1966 amounting to less than \$10,000,000 to the end of 1971."

We hasten to add however that the estimate of savings found on Page 38 of the Carrier's Exhibit No. 1 to Emergency Board No. 180 of \$4,800,000 annually (based on 1965 wage rates and other employment costs) heavily contradicts the carrier's statement last above alleging that the Agreement of January 29, 1965 (ATTACHMENT "A") has resulted in the carrier only saving \$10,000,000 to the end of 1971.

It is also worthy of note that the carrier recognized the absolute necessity of having the assistance of former President Luna of the former BRT (now UTU) in repealing state laws and regulations governing the consist of crews in their Exhibit No. 1, Page 40, submitted to Emergency Board No. 180, reading:

"It required the personal intervention of President Luna to secure repeal of the third-brakeman provisions of the New York law in 1966."

Now that all full crew laws in all the states involved have now been repealed, it is not unreasonable to assume that Penn Central will, as result thereof, ultimately realize future savings as estimated on Pages 40-41 of their Exhibit No. 1 to Emergency Board No. 180:

"Had the full crew laws been repealed in early 1965 as expected, the cumulative savings prior to bankruptcy in June, 1970, would have been over \$70,000,000. The cumulative figure to the end of 1971, about \$120,000,000, and projected to the end of 1973, over \$210,000,000."

- 17 -

Additional evidence of savings to Penn Central as result of repeal of state full crew laws are indicated in various public statements and reports issued by Penn Central officials. As an example, please refer to Page 8 of "Report on 1971" issued by Mr. W. H. Moore, president of Penn Central, dated December 22, 1971, reading in part:

"...Ohio requires a five-man crew. Indiana requires a six-man crew on a freight train of 70 cars or more. These two laws cost Penn Central approximately \$25-million in 1971...."

Please note the above-quoted statement does not mention savings realized by Penn Central as result of repeal of New York state laws which required a third brakeman on trains of more than 25 cars.

As soon as it became apparent during the early part of 1971 that the state full crew laws which had not been repealed would be repealed, Penn Central, obviously anticipating the repeal of all remaining full crew state laws, apparently decided to renege on their obligation to maintain the crew consist provisions of the Agreement of January 29, 1965, and on June 7, 1971, Penn Central served notice on the union to abrogate the attached agreement, effective July 15, 1971, thus creating the present major dispute on the issue of crew consist.

The foregoing presents a true picture of the events leading up to this dispute, i.e., after the union paid the full "price" for the uniform crew consist rule as proposed by the carrier, Penn Central now demands abrogation of the crew consist provisions of the Agreement which the carrier proposed and traded for the cooperation of the union in repealing state laws and regulations, resulting in repealing state laws and regulations, resulting in savings of millions of dollars to the carrier and which will ultimately be multiplied into hundreds of millions of dollars in savings to the carrier even when measured by conservative carrier estimates.

- 18 -

COMPARISON OF INTERIM AGREEMENT
OF JULY 21, 1972 PERMITTING
REDUCING 285 CREWS BY ONE BRAKEMAN
WITH CREW CONSIST AGREEMENTS ON
OTHER RAILROADS

As positive evidence that United Transportation Union representatives have conscientiously tried through good faith collective bargaining to settle this dispute by mutual agreement with Penn Central throughout the various stages of handling, we respectfully direct attention to the fact that on July 21, 1972, with the assistance of Assistant Secretary of Labor, W. J. Usury, Jr., and George Ives of the National Mediation Board, the parties reached an Interim Agreement which provides for the reduction of one man on 285 crews. ATTACHMENT "D" is a copy of Agreement of July 21, 1972.

The Agreement of July 21, 1972 permits the reduction of crews far in excess of the number permitted by the great majority of agreements reached with other railroads in settlement of this same identical issue. As example:

February 28, 1968 Southern Railway reached agreement with the UTU General Chairmen permitting reducing 37 crews by one man. Southern Railway operates approximately 7,000 miles of track, not including subsidiaries.

March 15, 1968, the Missouri Pacific Railroad and UTU General Chairmen reached agreement providing for reduction of 21 crews by one man. Missouri Pacific Railroad operates approximately 9,041 miles of track.

- 19 -

March 16, 1968, Seaboard Coast Line Railroad reached agreement with UTU General Chairmen which permitted reducing 52 crews by one man. Seaboard Coast Line Railroad operates approximately 9,260 miles of track.

The Penn Central System operates 20,083 miles of track, and as pointed out above, the Agreement of July 21, 1972, permits reduction of 285 crews by one man while agreements on the Southern, Missouri Pacific and Seaboard Coast Line, which operate in excess of 25,000 miles of track, only permit reduction of a total of 110 crews.

On January 3, 1973, Penn Central's Vice President-Administration issued a public statement to the effect that the Agreement of July 21, 1972, would result in savings of Penn Central in excess of \$4-million annually through reducing by one man 279 of the 285 crews the agreement permits reducing; however, Penn Central has refused to settle the dispute on the basis of this agreement, steadfastly contending that they must have the right to eliminate one brakeman (helper) on 85% of all crews.

We also wish to emphasize the following facts:

1. The agreement proposed by the carrier and accepted by the union (ATTACHMENT "A") which Penn Central proposes to cancel, permits crews to be operated with less than two (2) trainmen. More than one hundred (100) Penn Central crews are now working under this agreement with less than two (2) trainmen.

- 20 -

2. The Interim Agreement of July 21, 1972 (ATTACHMENT "D") permits an additional two hundred and eighty-five (285) crews to operate with less than two (2) trainmen and 285 crews are now working with less than 2 trainmen under the terms of this agreement. This agreement also contains a clause, however, which provides that it will be canceled when and if Penn Central arbitrarily places into effect the rules contained in their Notice of June 7, 1971, as set forth in ATTACHMENT "B" which Penn Central has stated they would do at 12:01 a.m. on Feb. 8, 1973.

3. The Agreement of Jan. 29, 1965, which Penn Central insists on abrogating, (ATTACHMENT "A") was proposed by carrier representatives, Messrs. Pearlman, Saunders and White, on behalf of twenty-two (22) eastern railroads and was accepted by the union. The agreement has been uniformly applied on all railroads listed in the agreement (ATTACHMENT "A") which, again, are listed for your convenience:

- The Ann Arbor Railroad Co.
- Bessemer and Lake Erie Railroad Co.
- Canadian National Railways
- Central Vermont Railway, Inc.
- The Delaware & Hudson Railroad Corp.
- Detroit, Toledo & Ironton Railroad Co.
- Erie Lackawanna Railroad Co.
- Grand Trunk Western Railroad Co.
- The Lehigh & Hudson River Railway Co.
- Lehigh Valley Railroad Co.
- The Long Island Rail Road
- Monon Railroad Co.
- New York Central System
 - The New York Central Railroad Co.
 - Indiana Harbor Belt Railroad Co.
 - Chicago River & Indiana Railroad Co.
 - Pittsburgh & Lake Erie Railroad Co.
 - Lake Erie & Eastern Railroad Co.
 - The Cleveland Union Terminals Co.
- The New York, New Haven & Hartford Railroad Co.

- 21 -

New York, Susquehanna & Western Railroad Co.
The Pennsylvania Railroad Co.
Baltimore & Eastern Railroad Co.

(Applies to all states in which the above
railroads operate in the United States.)

And, it is significant that only the Penn Central has
served Notice to cancel this Agreement.

- 22 -

UNITED TRANSPORTATION UNION MADE TWO
NATIONAL AGREEMENTS WITH THE NATION'S
RAILROADS DURING 1972 PROVIDING FOR A
CONSIDERABLE REDUCTION OF OPERATING
EMPLOYEES

On January 27, 1972, UTU reached national agreement with the nation's railroads which granted employees pay increases recommended by Presidential Emergency Board No. 178. This agreement also contained five major rule changes favorable to the railroads. Copy of the Agreement of January 27, 1972, is attached and marked ATTACHMENT "J". See Article VI, Article VII, Article VIII, Article IX, Article X and Article XII of this Agreement for rules which are favorable to the carriers and will save the nation's railroads (including Penn Central) millions of dollars annually when fully implemented.

On July 19, 1972, UTU reached national agreement with the nation's railroads (including Penn Central) disposing of the fireman-manning issue which had been the subject of a major dispute since the year 1959. On August 4, 1972, carrier representatives issued a public statement estimating that Penn Central would realize a savings of \$40.2-million annually through eliminating an estimated 3,100 firemen by attrition. Copy of the July 19, 1972 Agreement is attached and marked ATTACHMENT "K".

The foregoing facts fully supported by the agreements attached as exhibits definitely show that the United Transportation Union has cooperated in reducing consist of crews to the minimum number of employees absolutely necessary for the safe and efficient operation of trains on the Penn Central and all other Class I

- 23 -

railroads, and that this fact has been recognized by all Class I railroads represented by the National Railway Labor Conference as evidenced by agreements made on the properties covering the crew consist issue with all Class I railroads, except the Chicago and North Western Railroad, where the dispute is now in mediation.

New York, N. Y.
January 29, 1965

Mr. Charles Luna, President
Brotherhood of Railroad Trainmen
Standard Building
1370 Ontario Street
Cleveland, Ohio 44113

Dear Mr. Luna:

This refers to our recent discussions with you concerning crew consist in states comprising the eastern territory and particularly the necessity, in the interest of the railroads, their employees and the public, for repeal of the so-called full crew laws.

During our discussion you indicated there was an area subject to agreement that would provide protection for the employees you represent and thereby eliminate your opposition to repeal of existing full crew laws. In line with this discussion and on behalf of the eastern railroads that are shown on the attached sheet designated as Attachment "A", we offer the following:

1. On all railroads, parties to this Agreement, the provisions of the Award of Arbitration Board 282 will continue to be applicable, including decisions of special boards of adjustments and agreements between the parties arising under the Award's provisions, until the specified termination date of the Award (January 25, 1966), except in states having so-called full crew laws in effect the ground road and yard crew consist provisions of which may be repealed prior to the January 25, 1966 termination date. In the event the ground road and yard crew consist provision of the full crew law is repealed in one or more of the states presently having such laws, in which one or more of the carriers, parties to this Agreement operate, the provisions of this Agreement shall become effective in that State coincident with such repeal or on and after January 25, 1966, whichever date is earlier.

Mr. Charles Luna

-2-

January 29, 1965

2. On and after January 25, 1966 (or on and after the earlier effective date in a particular state resulting from the repeal of the ground road and yard crew consist portion of the full crew laws in such states having such laws), a rule shall be inserted in the respective agreements between the parties to this Agreement applying to ground road and yard service employees which will provide for a crew consist on all ground road and yard crews in all classes of road and yard service of not less than a conductor (foreman) and two (2) trainmen (helpers), including assistant conductors, ticket collectors, baggagemen, brakemen and flagmen; provided, however, that on railroads which had established crew arrangements prior to January 25, 1964, which permitted crews to be operated with less than two (2) trainmen (helpers), such crew arrangements shall remain in effect subject to change in accordance with the provisions of paragraph 6 hereof. The aforementioned crew consist rule shall not apply to self-propelled devices, light engine, helper and exchange engine movements, which shall be manned in accordance with existing agreements in effect with the organization signatory hereto.

3. In any case in which the carrier has called or filled a crew in accordance with the foregoing paragraph and the consist of such crew falls below the prescribed minimum by reason of the failure of a crew member to report, or by being separated from the crew after reporting, such crew will function in accordance with existing rules.

Mr. Charles Luna

-3-

January 29, 1965

4. The carriers shall have the right to discontinue the use of trainmen in excess of the minimum crew consist established by paragraph 2, except that the carriers will comply with the provisions of agreements or full crew laws in effect on the date of this Agreement with respect to the employment of trainmen in excess of the minimum crew consist provided by paragraph 2 so long as it is necessary to do so in order to provide employment for trainmen with seniority dates prior to January 25, 1964, who were not in a furlough status on that date and for whom no other employment in train service on their seniority district is available at his governing terminal (home or away from home as the case may be).

5. Upon acceptance of this Agreement the Brotherhood of Railroad Trainmen will immediately withdraw all opposition to repeal of existing statutory and regulatory minimum crew requirements and from participation in any litigation concerning the legality of such requirements in the states covered by this Agreement. Further, the Brotherhood will not institute or support the adoption of any new minimum crew consist laws or regulations in the states covered by this Agreement while this Agreement is in effect.

6. This Agreement will continue in effect until January 1, 1970, and thereafter until changed in accordance with the provisions of the Railway Labor Act, as amended.

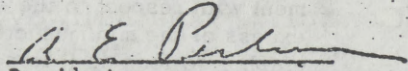
Mr. Charles Luna

-4-

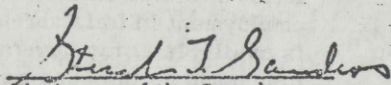
January 29, 1965

If you are in accord with the foregoing, please indicate your acceptance by affixing your signature in the space provided below.

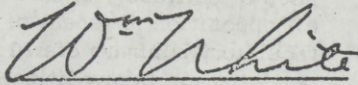
Very truly yours,



President,
New York Central Railroad



Chairman of the Board,
Pennsylvania Railroad



Chairman,
Erie-Lackawanna Railroad

Accepted:



President,
Brotherhood of Railroad Trainmen

ATTACHMENT "A"

The Ann Arbor Railroad Co.
Bessemer and Lake Erie Railroad Co.
Canadian National Railways
Central Vermont Railway, Inc.
The Delaware & Hudson Railroad Corp.
Detroit, Toledo & Ironton Railroad Co.
Erie-Lackawanna Railroad Co.
Grand Trunk Western Railroad Co.
The Lehigh & Hudson River Railway Co.
Lehigh Valley Railroad Co.
The Long Island Rail Road
Monon Railroad Co.
New York Central System
 The New York Central Railroad Co.
 Indiana Harbor Belt Railroad Co.
 Chicago River & Indiana Railroad Co.
 Pittsburgh & Lake Erie Railroad Co.
 Lake Erie & Eastern Railroad Co.
 The Cleveland Union Terminals Co.
The New York, New Haven & Hartford Railroad Co.
New York, Susquehanna & Western Railroad Co.
The Pennsylvania Railroad Co.
 Baltimore & Eastern Railroad Co.

(Applies to all states in which the above
railroads operate in the United States.)

New Agreement Rule Proposed
by Penn Central in Its Notice
of June 7, 1971 to UTU

A. Eliminate all agreements, rules, regulations and practices, however established, applicable to any class or grade of train or yard service employees, which require the employment or use of a stipulated number of conductors and trainmen (assistant conductors, ticket collectors, baggagemen, brakemen or flagmen) in any crew used in any class of road and yard, transfer or belt line service, including all miscellaneous services (road and yard), light engine, pusher or helper service, pilot service, independent assignments, and in any capacity on self-propelled equipment whether operated on tracks or otherwise.

B. Establish a rule to provide that --

1. Management shall have the unrestricted right, under any and all circumstances, to determine when and if conductors and trainmen (assistant conductors, ticket collectors, baggagemen, brakemen and flagmen) shall be used in any crew in any class of road and yard, transfer or belt line service, including all miscellaneous services (road and yard), light engine, pusher or helper service, pilot service, independent assignments, and self-propelled equipment whether operated on tracks or otherwise, and if used the number and classification of employees who will be so used.

2. All agreements, rules, regulations, interpretations and practices, however established, which conflict with the provisions of this rule shall be eliminated.

REPORT

TO

THE PRESIDENT

BY

EMERGENCY BOARD

NO. 180

APPOINTED BY EXECUTIVE ORDER 11664 DATED MARCH 31,

1972, PURSUANT TO SECTION 10 OF THE RAILWAY

LABOR ACT, AS AMENDED.

To investigate the dispute between the Penn Central Transportation
Company and certain of its employees represented by the
United Transportation Union.

(National Mediation Board Case No. A-9138, Sub Nos. 1 through 10)

WASHINGTON, D. C.

May 15, 1972

TRANSMITTAL LETTER

Washington, D. C.

May 15, 1972

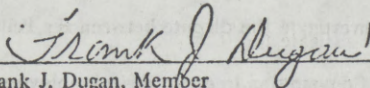
The President
The White House
Washington, D. C.

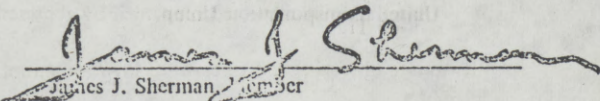
Dear Mr. President:

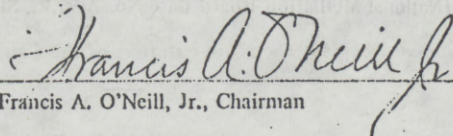
The Emergency Board you created on March 31, 1972, by Executive Order 11664, in accordance with Section 10 of the Railway Labor Act, as amended, has the honor to submit its report.

This Board was created to investigate the dispute between the Penn Central Transportation Company and certain of its employees represented by the United Transportation Union, AFL-CIO. In fulfillment of its obligation the Board held hearings and considered the evidence and arguments presented by the parties.

Respectfully,


Frank J. Dugan, Member


James J. Sherman, Member


Francis A. O'Neill, Jr., Chairman

HISTORY OF THE EMERGENCY BOARD

Emergency Board No. 180 was created by Executive Order No. 11664, issued on March 31, 1972, pursuant to Section 10 of the Railway Labor Act, as amended. The Board was appointed to investigate and report on the dispute between the Penn Central Transportation Company and certain of its employees represented by the United Transportation Union.

The President appointed the following persons as members of the Board: Francis A. O'Neill, Jr., retired Chairman of the National Mediation Board, Chairman; Professor Frank J. Dugan, Georgetown University Law Center, Member; and Professor James J. Sherman, University of South Florida, Member.

The Board convened in Washington, D. C. on April 4, 1972, to discuss procedural matters with the parties. Public hearings were held in Washington, D. C., on April 10 thru 14 and April 17 thru 21 and closing arguments were presented on May 3, 1972. During the hearings the parties were given ample time and adequate opportunity to present evidence and argument before the Board. The record of the proceedings consists of nearly 1,700 pages of testimony, 55 exhibits, and closing briefs. A number of films also were shown depicting rail operations relating to the issue. In addition, Board Members Dugan and Sherman, accompanied by representatives of the Carrier and the Union, spent two days observing rail operations in Washington, Baltimore, and Buffalo.

With the consent of the parties, Board Chairman O'Neill conducted a series of discussions with the representatives of the Carrier and the Union in an effort through

mediation to find a means of resolving the dispute. These meetings did not result in an agreement.

Because of the extensive record and the desire of the Board to observe operations and conduct discussions with representatives of the parties, the Carrier and the Union stipulated to, and the President granted, an extension from April 30, to May 15, 1972, of the time within which the Board was required to file its Report.

INTRODUCTION

The dispute between the Penn Central Transportation Company, hereinafter referred to as the Penn Central, and the United Transportation Union, hereinafter referred to as the UTU, concerns the number of trainmen to be employed on trains in freight, yard, passenger, and other classes of service. At the present time, the size and composition of train crews, or the "crew consist," are governed by provisions of an agreement commonly referred to as the Luna-Saunders Agreement which became effective on January 25, 1966. This agreement provides, with certain exceptions not relevant here, for a basic crew consist of one conductor (foreman) and two brakemen (helpers).

The Penn Central was formed by the merger of the Pennsylvania and New York Central Railroads on February 1, 1968, and by the inclusion of the New Haven Railroad on January 1, 1969. The Company has more than 20,000 miles of track in the 16 states comprising the highly industrialized and populated northeast quarter of the U.S., as well as two provinces of Canada. Penn Central operates in this area with almost 320,000 trains a year which involves the movement of about 20 million freight cars. The road currently employs a total of about 83,000 persons, of whom approximately 18,800 are trainmen involved in this proceeding. Of the latter number, about 17,300 are employed in freight and yard operations, 1,000 in commuter or suburban passenger service, and 500 in intercity passenger service.

The affairs of the Carrier are currently under the jurisdiction of Judge John P. Fullam of the United States District Court for the Eastern District of Pennsylvania in Philadelphia as a result of a petition for reorganization filed on June 21, 1970, under.

Section 77 of the Federal Bankruptcy Act. The Court appointed as trustees: George P. Baker, Richard C. Bond, Jervis Langdon, Jr., and W. Willard Wirtz.

The UTU has approximately 243,000 members in the United States and represents railroad operating employees on carriers throughout the Nation. The Union was formed in 1969 by the merger of four organizations representing operating employees: the Order of Railway Conductors and Brakemen, the Brotherhood of Locomotive Firemen and Enginemen, the Brotherhood of Railroad Trainmen, and the Switchmen's Union of North America. Representation on the Penn Central is handled for the UTU by 10 elected, full-time General Chairmen having responsibility for separate geographic districts of the road. Among other duties, they negotiate and administer nine labor contracts, one covering two districts, incorporating the crew consist provisions of the Luna-Saunders Agreement.

HISTORY OF NEGOTIATIONS

The dispute presently before this Emergency Board, was initiated by Penn Central to reduce the size of train crews, and arises directly from its bankruptcy and the efforts of its trustees to reorganize the road. The reorganization plan filed by the trustees with the Bankruptcy Court includes what the trustees believe to be three indispensable prerequisites for revitalizing the road as an income producing property. These are: (1) full reimbursement from the government for passenger service losses including former Penn Central trains now operated by AMTRAK, (2) abandonment or subsidization of some 9,000 unprofitable miles of trackage, and (3) a reduction in employment of 9,800 employees who the Penn Central management and trustees consider to be unnecessary. Successful completion of the reorganization, according to the trustees, assumes that the Company will continue to improve its financial position and attain projected increases in the volume of traffic and freight revenues by the end of 1975. The trustees allege that the alternatives to successful reorganization are nationalization, fragmentation or liquidation. Obviously, none of these alternatives are acceptable to them.

Carrier representatives stated before this Board that since the initiation of the reorganization, the Company's total employment has been reduced by 10,000 or nearly 12 percent. These reductions were achieved principally among non-operating clerical and maintenance forces. The trustees now seek to reduce train and engine service employment by approximately 9,800, this includes the elimination of 5,700 trainmen jobs, as opposed to employees. The Carrier states that these jobs are not

necessary for safe and efficient operation, but they are required by prior labor agreements and by State full-crew laws.

Until recently, four States in the area served by the Penn Central had full-crew laws or regulations requiring a minimum train crew of one conductor and two brakemen in road freight and yard service and other requirements in passenger service. The New York law prescribing the minimum number of trainmen was repealed in 1966. This year the Ohio law was repealed, and the Indiana law was amended to permit a reduction in crew consists. Crew requirements in Massachusetts are established by regulation rather than by law, and the Company is currently petitioning for relief. The Carrier indicates, however, that it cannot obtain complete relief from the repeal or amendment of the State laws or regulations until an agreement is reached with the UTU.

The notices served by the Penn Central on June 7, 1971, pursuant to Section 6 of the Railway Labor Act, on each of the Organization's ten General Chairmen, proposed abrogation of the Luna-Saunders Agreement and establishment of a rule giving management the "unrestricted right, under any and all circumstances" to determine crew consists. Both sides agree that the notice is nearly identical to that served by the industry in 1959 when crew consist first became a matter of national concern. After receipt of the Carrier's notice, the Union's General Chairmen on the Penn Central served counterproposals which generally seek an increase in the number of trainmen.

Negotiations between the parties began on June 16, 1971, and continued intermittently in July and August. There were nine joint sessions with varying numbers of General Chairmen who did not bargain in concert, but acted separately for their

respective members. The Company from the outset stressed its need for a quick resolution of the dispute and made a number of alternative bargaining proposals. All of the proposals provide for negotiations and final determinations if an agreement is not reached within a short period. The Carrier also offered "reasonable protection" to employees adversely affected by new crew consist rules.¹

A list of 57 train assignments distributed throughout the Penn Central system, which in the Company's opinion are illustrative of crews that could be reduced, were given to a number of the General Chairmen at their request. During the last formal meeting between the parties, held in Miami, Florida, on August 19, the union chairmen are reported to have reiterated their need to review the Carrier's proposals, formulate their own proposals and study crews. However, on September 10, the Penn Central notified the UTU that it was terminating direct conferences because of lack of progress and, "The critical financial condition of the Company, . . . makes it imperative for survival that the question of crew consist be concluded 'with all expedition'." In mid-September, first the Union and then the Carrier requested the services of the National Mediation Board (NMB).

The organization maintains that during the period of direct negotiations there was a series of events which prevented the General Chairmen from giving appropriate attention to this dispute. Between July 16, and August 2, 1971, the UTU conducted a number of selective strikes against certain major roads as a result of a wage and rules dispute involving the Nation's carriers. The Penn Central and other carriers which were not struck countered the Union's action by promulgating the work rule proposals contained

¹ It is conceded that some 92 percent of the employees now have a guarantee of life-time employment.

in their Section 6 notices. The Union contends that while implementation of these rules did not change the size and make up of train crews, it "had a severe effect in changing the particular work of many assignments throughout the system. . ." and "operated to becloud the handling of the crew consist negotiations." A tentative settlement on August 2, 1971, ended the self-help action of the parties. A week later the UTU began its first triennial convention in Miami, Florida which ended on August 27.

After the crew consist case went to the National Mediation Board, the UTU argued that a number of other disputes between the parties, which are largely unrelated to the crew consist issue, but which had been docketed earlier by the Board, should be mediated before or concurrently with the question of train crew sizes. Following a number of procedural meetings it was decided to handle the other cases concurrently but separately with the crew consist case. Throughout the mediatory period the Union insisted upon handling crew consist on the local properties of the Carrier, and a number of meetings of this nature were held. However, in January, 1972, when the Mediation Board attempted to continue system wide sessions in Washington, D.C., on the merits of this dispute and the other cases, the UTU objected, and advised the Board that its representatives were available on the local properties.

On February 1, 1972, the National Mediation Board reached a conclusion that it could not resolve the dispute through mediation. In accordance with the mandate of Section 5 First of the Railway Labor Act, the Board requested the parties to voluntarily submit the dispute to arbitration. The proffer of arbitration was accepted several days later by the Company, but when the UTU failed to reply, the Penn Central

on March first withdrew its original acceptance of arbitration and the NMB terminated its services in accordance with the Act. This left the Carrier legally free to promulgate its crew consist Section 6 notice and the Union free to strike on April 1, 1972.

The Carrier next notified the UTU General Chairmen that the crew consist rule proposed in their Section 6 notice of June 7, 1971, would be put into effect on April 1, 1972. The letter notifying the Union of the Company's intent to promulgate the rule, which was dated March 14, 1972, also stated that the Carrier recognized the need to provide "reasonable protection for employees adversely affected by the application" of their notice, and that consequently the proposed rule changes were not intended to modify or suspend guarantees providing employees protection. On the following day the President of the Penn Central, W. H. Moore and the President of the UTU, A. H. Chesser, met with other International Union officers and the ten General Chairmen in Cleveland, Ohio. At this meeting the Company's offer to engage in intensive negotiations was rejected by the Union because the Carrier refused to withdraw its promulgation. Also, at this meeting the Company distributed a list of 238 train crew assignments on which they had performed time and motion studies.

Further meetings between the parties were held late in March under the auspices of George S. Ives, Chairman of the National Mediation Board without success. Thereafter, this Emergency Board was created to investigate and report on this dispute.

THE BACKGROUND OF THE CREW CONSIST ISSUE

In addition to the work of the Presidential Railroad Commission and the Award of Arbitration Board 282, this is the third Presidential Emergency Board to investigate and report on the crew consist issue. The findings, recommendations, and awards of these previous public bodies are well known. However, we believe it is appropriate to briefly summarize here their recommendations and other developments relating to the issue before this Board.

On November 2, 1959, the Nation's carriers served Section 6 notices proposing the elimination of rules establishing crew consist in road and yard service and proposing that management be given the right to establish crew sizes. Ten months later the Organizations submitted counterproposals calling for minimum crews of one conductor and two brakemen. The matter of train crews was only one of a number of unresolved issues between the carriers and the five Organizations representing railroad operating employees. These included the four Unions now amalgamated into the UTU. The Presidential Railroad Commission was created by Executive Order on November 1, 1960, after the parties had agreed to submit the crew consist and other matters to study. The fifteen-member Commission was composed of an equal number of public, carrier, and union members. After lengthy public hearings and field inspection trips, the Commission issued its report on February 28, 1962.

With regard to the size of train crews the Commission concluded that there was some overmanning but little undermanning but that the amount and circumstances could not be determined in that proceeding. They also concluded "that the extent of

overmanning, while probably substantially less than estimated by the Carriers, may nevertheless be a more significant problem for some railroads than for others." At the time of the Commission's study, ten States had laws or regulations specifying the minimum number of men in train crews. The Commission also noted with regard to crew consist that "there is no doubt that certain technological, operational, and traffic changes have tended to reduce the actual workload of employees in some classes or kinds of service." Among the changes cited were centralized traffic control, radio communications, hot box detectors, improvements in braking and signaling systems, and modernization of classification yards. They agreed with the Organizations that there had been an increase in the responsibilities of crews because of a number of factors including the increased length of trains.

Regarding the method of determining crew consist, the Report contained the following statement:

In this industry, whatever may be said of others, the employees have a legitimate collective bargaining interest in the matter of crew consist, and it is our view that the collective bargaining process should remain the basic method for resolving disputes concerning this matter. On the other hand, we believe that in this area, . . . the parties should evolve a procedure which will insure an expedited method of final determination, through arbitration, of unresolved disputes where collective bargaining fails to produce agreement. Such procedures will, in our judgment, serve to safeguard the parties' respective interests and at the same time promote the public interest by introducing into railroad operations a somewhat greater degree of flexibility and efficiency.

The Commission then recommended that the parties negotiate a rule providing that questions of crew consist be negotiated on the local properties after reasonable written notice. If the parties were unable to reach an agreement within sixty days, then the issue would be submitted to a special tribunal composed of neutrals for final and binding determination. These determinations would be limited to considerations of safety and undue work burden. The Commission also made recommendations concerning protective provisions for employees adversely affected by crew consist changes.

Following the Report of the Presidential Railroad Commission further efforts to mediate a settlement failed and Emergency Board No. 154 was established pursuant to the Railway Labor Act. The recommendations in its Report regarding the crew consist issue generally followed those of the Presidential Railroad Commission but contained explicit reference to the local character of the matter and therefore the need for bargaining at that level. The Board also recommended that reductions in employment should not exceed natural attrition.

However the parties were unable to reach agreement despite direct negotiations, intensive mediation, and various alternative proposals for resolving the crew consist and other issues. Finally on August 28, 1963, Public Law 88-108 was enacted creating Arbitration Board No. 282 to render a binding decision on the crew consist and fireman manning issues.

The Award of Arbitration Board No. 282 became effective on January 25, 1964 and remained in effect for two years, expiring on January 25, 1966. It provided

for determinations of crew sizes on the local properties through collective bargaining based on specific guidelines relating to safety and workload. Where disputes could not be resolved they were to be submitted to Special Boards of Adjustment whose decisions, which were final and binding, were to be limited to the application of the safety and workload guidelines. Jobs which were to be eliminated under this procedure were not to result in immediate layoffs but were to be dropped as permitted by natural attrition.

During the two-year period the Award was in effect there were 96 decisions issued by Special Boards of Adjustment and 95 crew consist agreements negotiated throughout the industry. Special Boards authorized the elimination of approximately 87 percent of the jobs presented to them by the carriers. The awards and agreements involved a total of 7,807 crews and authorized abolishment of 8,020 jobs. Slightly more than 75 percent of the crews consisted of one conductor and two brakemen which were marked for reduction to one conductor and one brakeman.

On the former New York Central there were five awards by Special Boards and one agreement reducing crew consists. Almost 86 percent (965 of 1,127) of the jobs which the Company proposed to eliminate were authorized by awards of neutrals or agreed to by the Brotherhood of Railroad Trainmen. There were no awards by Special Boards on the former Pennsylvania Railroad. The Company proposed abolishing more than 2,200 yard and road jobs. However, an accord was reached with the Brotherhood of Railroad Trainmen reducing the size of 204 train crews temporarily for the

period from May 8, 1965 to January 25, 1966 when the Award of Arbitration Board No. 282 terminated and the Luna-Saunders Agreement became effective.

The Pennsylvania, New York Central and 22 other Eastern railroads signed the Luna-Saunders Agreement on January 29, 1965. As the Carrier testified they believed that more firemen and trainmen jobs could be eliminated by repeal of State full-crew laws than by reductions under the Award of Arbitration Board No. 282 because that Board was without jurisdiction to supercede the provisions of such laws. The Agreement negated crew consist reductions obtained during the period of the Arbitration Award by providing for standard minimum yard and road crews of one conductor and two brakemen. In return the union agreed to withdraw all opposition to repeal of full-crew requirements in the States in which the roads operated. Subsequently, seven other Eastern roads signed the Luna-Saunders Agreement and the Baltimore and Ohio Railroad and its subsidiaries agreed to a separate but identical pact.

In July and December of 1965 before expiration of the Award of Arbitration Board No. 282 Section 6 notices and counternotices on crew consists were served respectively by the Brotherhood of Railroad Trainmen and the carriers. The proposals of the parties were essentially the same as those exchanged prior to the creation of the Presidential Railroad Commission in 1960. The Union's notices were served on some 90 carriers not covered by the Luna-Saunders Agreement with whom it sought negotiations on the local properties while the carriers sought negotiations on a national basis. There followed two years of litigation concerning, among other matters, the status of the Award of Arbitration Board No. 282 and the method of handling negotiations. The courts ruled

that crew consists established in accordance with the Award continued in effect after the Award expired and until changed pursuant to the provisions of the Railway Labor Act. The courts further held that the Act did not require national handling of the issue.

On February 5, 1968, shortly after litigation ended and after the procedures of the Railway Labor Act ended, the Union struck the Missouri Pacific, Texas and Pacific, and the Atlantic Coast Line portion of the Seaboard Coast Line Railroad. The Southern Railway and two other carriers which were not struck had promulgated their crew consist Section 6 notices. This self-help action, promulgation and strikes, resulted in an agreement known as the Jacksonville Memorandum which was signed February 9, 1968 by the Union, the struck roads, the Southern Railway.

The Memorandum provided that, subject to the availability of manpower, 50 percent of the road and yard jobs being worked by a consist of one-and-one were to be immediately restored to a one-and-two basis. Negotiations on the local property were to be held to determine if any of the remaining one-and-one crews were to have added a second brakeman or helper. In the event of an impasse the three railroad Presidents who signed the memorandum and the President of the Brotherhood of Railroad Trainmen were to meet to resolve the matter. The final settlements on the roads resulted in the conversion to a one-and-two basis of 89 percent of the one-and-one crews authorized under Arbitration Award No. 282 and 77 percent of the crews so authorized and actually being worked on a one-and-one basis when the Jacksonville Memorandum was signed. By the end of July 1968 the Union and approximately 30 additional carriers had negotiated similar agreements.

The Belt Railway of Chicago was struck by the Brotherhood of Railroad Trainmen on July 29, 1968 and while this stoppage continued six additional crew consist settlements were reached on other roads. On November 6, 1968 the Union struck the Louisville and Nashville Railroad. On the same day the President created Emergency Board No. 172 to investigate the crew consist disputes on the Belt Railway of Chicago, Louisville and Nashville Railroad and the Illinois Central Railroad.

The Board in its Report submitted to the President on December 13, 1968 noted that the crew consist issue had been resolved through collective bargaining on railroads accounting for about three-fourths of the industry's work force and employing approximately 80 percent of the Brotherhood of Railroad Trainmen's membership. The Board recommended "that the parties concerned immediately resume negotiations on their respective properties in a conscientious attempt to resolve the matters at issue without further delay." It was recommended to the parties that the evaluation of criteria relating to safety and work burden "is a matter of joint consideration by the bargainners on the properties."

Following Emergency Board No. 172 there were 46 final crew consist settlements negotiated including agreements covering the Louisville and Nashville, Illinois Central and the Belt Railway of Chicago. On the first two roads the settlements followed short strikes.

The Chicago and Northwestern Railroad is one of the few carriers in the Nation still operating under awards and agreements established pursuant to the Award of Arbitration Board No. 282. It was one of the 90 carriers upon whom the Brotherhood

of Railroad Trainmen served notices in 1965 demanding the restoration of crews consisting of at least one-and-two. After the Jacksonville Agreement the matter was pursued by the Union on this railroad, but litigation ensued and such litigation is still pending in the Circuit Court of Appeals for the Seventh Circuit.

DISCUSSION

Although the hearings in this case produced a myriad of conflicting evidence and argument, there was one proposition or opinion about which the parties expressed complete agreement. They both stated repeatedly that the crew consist issue could and should be resolved by collective bargaining. As might be expected, there were differences of opinion to explain the lack of progress in the bargaining which preceded this hearing. The Carrier introduced testimony that the Union obstructed the bargaining process by the introduction of mostly unrelated issues causing the Mediation Board to be bogged down in procedural problems. It also charged that the Union would never bargain seriously over the elimination of jobs without the pressure of terminal procedures. On the other hand, the Union presented evidence to prove that the Carrier never gave the bargaining process a chance; it rushed through its bargaining obligation with no intent to seek agreement and sought only to set the stage for a legislated solution to this dispute.

An examination of the record leaves no doubt that, for whatever reason, little serious bargaining has taken place to date. Because of this fact, and since both parties appear to be willing to give bargaining another try, this Board proposes that this opportunity be made available. However, in an effort to avoid another premature impasse, future bargaining efforts are to be given a simple but somewhat novel assist. The Board will attempt to expedite the bargaining process by revealing in this report its conclusions based upon a careful examination and evaluation of all evidence and arguments. Being thus aware of the Board's conclusions, it is anticipated that the parties will limit their

efforts in negotiation to issues with obvious merit. In addition to revealing its conclusions, the Board will recommend a procedure designed to give the parties additional incentive to meet and confer in a sincere effort to reach agreement.

From the array of evidence, argument, opinion and other information made available to the Board, including the observations made by Board members in on-site inspection of railroad facilities, it concludes that consistent overmanning exists in some areas and some relief should be provided to the Carrier. However, it believes that management should not have the unilateral right to determine the size of crews. Nor is it entitled to a system wide crew consist rule of one conductor and one brakeman because the duties of crews differ so much from time to time for varying reasons. Furthermore, it is obvious that on parts of this road, crews of one conductor and two brakemen, or perhaps more, are necessary. Management so acknowledged.

This diversity of operations makes the degree of overmanning, and specific instances thereof, impossible to determine in a proceeding such as this. Such determinations can be made, and in many cases are already known, only by the individuals directly involved, the Carrier and Organization representatives at the local level.

The Carrier raises the additional point that its bankruptcy is a central issue in this dispute and that eliminating the cost of overmanning is indispensable to the successful reorganization of Penn Central. The Board agrees that overmanning is one of the circumstances which contributes to the Company's unprofitability. This does not mean that this Carrier should be given preferential treatment in the form of reducing operating expenses simply because it has experienced financial difficulties. The Board would make

no such decision based purely on the Carrier's ability or inability to pay. However, it does recognize that there are circumstances associated with the operation of Penn Central which differentiate it from every other carrier and that these differences justify a greater sense of urgency. Among these circumstances are extraordinary operating costs resulting from the operation of the railroad in the highly industrialized eastern sector of the country with terminal intensive operations and numerous short hauls. All these factors appear to result in a highly labor intensive operation on the Penn Central calling for unique remedies.

Bearing on the issue of whether a crew consisting of a conductor and two brakemen constituted overmanning, the Organization testified that such crews were necessary to provide safe operations and avoid undue work loads, thus protecting the lives of employees and the public as well as the property of the railroad. In countering this argument the Carrier produced testimony regarding various technical devices which either replaced or immensely improved upon the traditional visual inspection to prevent road accidents. For example, yardmasters control humping and classification operations with the use of radios and remotely controlled automatic switches and retarders. Hotbox detectors and dragging equipment detectors reduce the need for visual inspection by train crews. And, the extensive use of radio communications clearly increases the safety of operations and reduces the work load of employees.

Statistical evidence, also bearing on the issue of safety, was produced by both parties. The Organization argued that its evidence proved one-and-one crews to be unsafe. However, this evidence which basically showed an increase in train accidents and

employee injuries during the period when carriers were operating with reduced crew size, was found to be inconclusive because, as the Organization's witness acknowledged, there were numerous other variables which could not be isolated from the statistical record and these could have been contributing factors to accidents and employee injuries. On the other hand, the Carrier presented statistical evidence which was more specific and, hence, more persuasive. This evidence, the experience of other railroads which operated over an extended period of time with one-and-one crews, revealed no increase in accidents or employee injuries directly attributable to reduced crew sizes.

To demonstrate that the presently utilized crew of one-and-two is unnecessary, the Carrier prepared and presented a number of job studies. These studies which the Carrier represented as typical consisted of a description of the tasks performed by a single crew on a single day. The Board does not agree that a one-day study can be taken as representative of crews generally, because management has such complete control of the crews' activities and because of other factors affecting traffic such as the state of the economy, the day of the week, the season of the year, and weather conditions.

Finally, it should be recognized that a decline in employment is not inevitable. Quite the contrary, with a successful execution of the plan for reorganization and with a general expansion of business already occurring on the Penn Central, there is reason to assume that employment opportunities will actually increase in the near future.

RECOMMENDATIONS

Accordingly, the Board makes the following recommendations:

- (1) The parties should begin bargaining immediately at the local level on the crew consist problem.
- (2) Safety and unreasonable workload should be the criteria used by the parties to bargain.
- (3) The Carrier should not be required to hire new trainmen for the sole purpose of achieving a literal compliance with the current crew consist rule.
- (4) Agreements reached on specified crews should be placed into effect immediately.
- (5) The parties should submit reports to this Board on September 15, 1972, and December 15, 1972, describing the number of crews discussed, the number of agreements, and the number of instances of disagreement.
- (6) This Board shall reconvene on January 4, 1973, to ascertain whether satisfactory progress has been made toward the solution of the crew consist problem. No hearing *de novo* shall be held at that time. In the event the parties have failed to reach agreement the Board will recommend in a final report an ultimate solution within ten days thereafter. This recommendation will be based upon a consideration of the progress the parties have made in bargaining since May 15, 1972,

as well as the entire record before this Board.

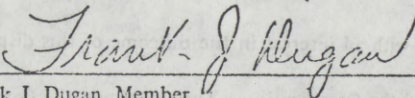
- (7) Pending this final report by the Board, and for ten days thereafter, the parties should preserve the *status quo*. That is the Carrier shall refrain from promulgating a new crew consist rule and the Organization shall withhold strike action or other activity designed to achieve economic pressure.

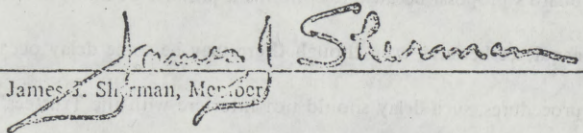
- (8) These recommendations, if accepted by the parties, should be consummated by a stipulation to that effect.

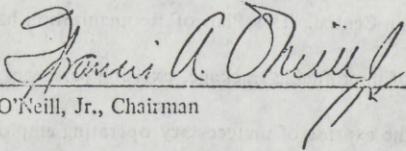
In the opinion of the Board, these recommendations should be acceptable to all parties with an interest in the outcome of this dispute—the Carrier, the Trustees, the Court and the Organization. The Court and the Carrier should look with favor on the Board's proposal because it contains a promise of immediate relief. The Trustees should acquiesce because, even though there may be some delay occasioned by the Board's procedures, such delay should not interfere with the Trustees' schedule for reorganizing the Penn Central. This Plan of Reorganization has three parts; abandoning some 9,000 miles of unprofitable trackage, excising passenger traffic deficits, and obtaining relief from the expense of unnecessary operating employees. As the Carrier witnesses testified, the individual parts to this plan of reorganization are so interdependent and interwoven that all must be put into effect if the plan is to succeed. However, the two parts unaffected by this dispute cannot be executed before January, 1973. Hence, the extension of time for settling the crew consist issue could hardly impede or delay the execution of the Trustees' plan of reorganization.

The Organization should have no objection to these proposals because they provide for an extension of time to permit the parties to explore all avenues for amicable settlement. This is precisely what the Organization requested time and again at the hearing. Finally, it is difficult to see how any of the parties can have strong objections to the proposals set forth herein. For everyone concerned, there appears to be nothing to lose and possibly much to be gained. Accordingly, the Board urges that these recommendations be adopted in their entirety.

Respectfully submitted,


Frank J. Dugan, Member


James S. Sherman, Member


Francis A. O'Neill, Jr., Chairman

Washington, D. C.

May 15, 1972

AGREEMENT MADE THIS 21ST DAY OF JULY, 1972 BY AND BETWEEN George P. Baker, Richard C. Bond, Jervis Langdon, Jr. and Willard Wirtz, Trustees of the property of Penn Central Transportation Company, Debtor (hereafter Penn Central) and its train service employees represented by United Transportation Union (hereafter UTU) (both together hereafter as the parties):

1. There is hereby created a Standing Committee, consisting of a neutral Chairman, two representatives designated by the UTU, and two representatives designated by Penn Central. The parties may designate a different representative or representatives for any meeting of the Standing Committee.

2. The Chairman shall be chosen by the parties. If no agreement is reached by them within two days from the date hereof, the Chairman shall be selected as follows:

(a) Each party will immediately submit to the other the names of five persons who would be acceptable to that party, arranged in order of preference.

(b) If the same person appears on both lists, he shall be asked to be the Chairman. If two or more persons appear on both lists, the person

closest to the top of both lists shall be asked to be the Chairman.

(c) If the procedures of (a) and (b) have not resulted in the selection of a Chairman, each party will immediately submit five names (adding names to the prior list to replace persons then known to be unavailable) for a combined list, and the parties shall alternatively strike one person at a time from the combined list until only one person remains, who shall be asked to be the Chairman. If the last person remaining on the list is not available, the next to the last shall be asked, and so on until a Chairman is chosen. The party who strikes first shall be determined by lot.

3. The Chairman shall call all meetings of the Standing Committee, but shall not have any power of decision in any dispute. The Committee shall advise and assist in the procedures for the selection of crews to be reduced pursuant to this Agreement, and shall take whatever steps it may deem necessary to see that the procedures are properly carried out by both parties; shall be informed of the results of the selecting process; shall be entitled to such information with respect to the crew consist dispute as it may request from either party; shall attempt, on the basis

of the experience under this Agreement and the information which it acquires, to facilitate collective bargaining between the parties, to develop guidelines which could be used in future applications of safety and unreasonable work load standards, and to effect an agreement between the parties finally settling the dispute; and, if no such agreement has been reached by November 30, 1972, shall report to the Secretary of Labor and the Chairman of the National Mediation Board its recommendation for final disposition of the dispute together with any other recommendations it may deem appropriate. The Standing Committee shall not continue in existence after November 30, 1972 unless an extension is agreed to by both parties.

4. The parties agree that 285 crews of Penn Central presently operating one and two shall be reduced to one and one as attrition (as defined in paragraph 6) occurs. If for any reason the procedures in subparagraphs 5(a) and 5(b) below do not cause a reduction by November 30, 1972 to one and one of 285 crews presently operated one and two, these procedures shall continue until 285 crews shall have been reduced.

5. The specific crews to be reduced pursuant to paragraph 4 shall be determined as follows:

(a) Within ten days from the date of this Agreement, each General Chairman shall supply to

the Chairman of the Standing Committee a list for his territory marked to designate a number of crews in his territory which he decides upon consideration of safety and reasonable work load may be reduced to one and one (excluding crews which cannot be reduced by reason of full-crew laws or regulation, and commuter crews), and the order in which such reductions shall take effect as attrition occurs. No designation will be made from crews on a list supplied by the carrier to each General Chairman of crews in his territory in yard or branch line service which, in the carrier's opinion, could not be operated safely or without unreasonable work load with less than one and two. If there is disagreement by the General Chairman with the exclusion by the carrier of any crew, the General Chairman and the Director - Labor Relations will meet and resolve the issue. Until a crew is actually reduced pursuant to subparagraph (b), any General Chairman may change the designations originally made by substituting a different crew or different crews on the list for his territory. The number of crews so designated by the General Chairmen shall be sufficient to assure reduction to one and one as attrition occurs of 285 crews by November 30,

1972, and shall be distributed among the territories of Local Chairmen substantially in proportion to the total number of crews in each such territory.

(b) When an employee leaves or is about to leave the service of Penn Central by reason of attrition the carrier shall notify the Standing Committee of the name of such employee, the means of his attrition, and his seniority district. If the carrier has not been advised of the crew thereupon to be reduced to one and one, the Chairman of the Standing Committee will identify the appropriate crew designated on the General Chairman's list in that seniority district to be reduced to one and one. If there is no crew designated to be reduced remaining in that seniority district, the Chairman of the Standing Committee shall so inform the General Chairman of that territory, who will promptly specify a crew to be reduced in another seniority district where attrition has exceeded reductions or unprotected persons are employed.

(c) The crews to be reduced to one and one pursuant to this Agreement shall not be increased to one and two following November 30, 1972 except by agreement of the parties. However, should the carrier thereafter promulgate its Section 6 notice of

June 7, 1971, all reduction of crews pursuant to this Agreement shall be rescinded as of the date of such promulgation. The crew reductions made under this Agreement are made on the assumption that the considerations of safety and work load which brought about such reduction will not thereafter be changed. Should any General Chairman claim that such a change has occurred and the carrier is unwilling to restore the crew to one and two, the matter shall be handled as a grievance.

6. The term "attrition" as used in this Agreement means the termination of employment of any train service employee by reason of death, retirement, resignation, dismissal for cause in accordance with existing agreements, or the furlough of an employee after the expiration of his period of protection as defined in paragraph 7 of this Agreement.

7. Road and Yard trainmen in active service on the date of this Agreement shall be designated as "protected employees" and shall not be deprived of employment during their period of protection, as defined in subparagraphs (a) and (b), below.

(a) The period of protection for "protected employees" already entitled to protection under law or existing agreement shall be that specified in such law or existing agreement.

(b) The period of protection for "protected employees" not already entitled to protection under law or existing agreement and who are directly affected by a reduction in crew consists shall be a period equal to their seniority as a trainman, but not to exceed six years from the date of this Agreement.

(c) The limitation of this paragraph to trainmen in active service on the date of this Agreement shall not be construed to deprive any furloughed employee of any protection he now has under law or any existing agreement.

(d) A "protected employee" shall not be required as a condition to retaining his protection to relocate beyond the limit of his prior right seniority district or working zone as a result of a reduction of any crew.

(e) A second brakeman position on a crew agreed or determined to be one and one pursuant to this Agreement shall be designated as a "blankable position." Carrier shall not be required to make available to its train service employees any "blankable position" except as is necessary to provide employment for a "protected employee" in accordance with the provisions of Attachment A hereto.

(f) Compensation guarantees established under existing protective agreements shall be preserved.

Signed at Washington, D. C. this 21st day of July 1972.

THE UNITED TRANSPORTATION UNION

By:

[Signature]
General Chairman

[Signature]
General Chairman

[Signature]
General Chairman

[Signature]
General Chairman

[Signature]
General Chairman

[Signature]
General Chairman

[Signature]
General Chairman

[Signature]
General Chairman

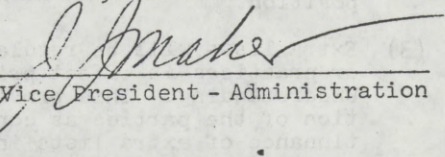
Approved:

[Signature]
Vice President

[Signature]
Vice President

[Signature]
Vice President

GEORGE P. BAKER, RICHARD
C. BOND, JERVIS LANGDON, JR.
AND WILLARD WIRTZ, TRUSTEES
OF THE PROPERTY OF THE PENN
CENTRAL TRANSPORTATION
COMPANY, DEBTOR.

By: 

Vice President - Administration

ATTACHMENT "A"

- (1) Such "blankable positions" may be worked either regular or extra.
- (2) A "protected employee" who has already worked in a calendar day need not be called to work a "blankable position" in that same calendar day. A "protected employee" who has had five starts in a calendar week need not thereafter be called in that same calendar week for a "blankable position."
- (3) Extra lists will be regulated in accordance with agreements or practices in effect prior to the effective date of this Understanding. This provision does not prejudice the position of the parties as concerns the maintenance or discontinuance of extra lists in accordance with agreements or practices in effect prior to the effective date of this Understanding.
- (4) In the event a rested "protected employee" assigned to an extra list is not called in his turn for the first available "blankable position" protected by such extra list and is not called on that calendar day for other employment filled from any of the extra lists at that point, he will be compensated by payment of a minimum day at the rate of the service he would have performed on the first available "blankable position."
- (5) Extra brakemen called to fill "blankable positions" on road assignments out of the terminal where the extra list is maintained will work or deadhead back from the opposite terminal in the same manner and under the same conditions applicable prior to the effective date of this Agreement.
- (6) A "blankable position" need not be filled if there are no "protected employees" on the extra list protecting the assignment involved who are available at the pro rata rate of pay.
- (7) Carrier will not be required to deadhead extra brakemen from the home terminal (supply point) to work "blankable positions" from the away-from-home terminal. However, if this results in a "protected employee" not being provided with work on the calendar day involved, he will be compensated by payment of a minimum day at the rate of the service he would have otherwise performed.

- (8) Non-protected employees assigned to extra lists from which "blankable positions" are filled need not be called for such "blankable positions." Available "protected employees" on such extra lists may, without penalty, be called for "blankable positions" ahead of non-protected employees on such lists.

NOTE: If a "protected employee" elects to take a "blankable position" or an extra board position when his seniority would otherwise permit him to hold a non-blankable position, and such election permits a non-protected employee to hold down the non-blankable position, then a junior "protected employee" on the extra board will be treated as a non-protected employee for that same period of time during which work on a non-blankable assignment is otherwise available to such senior "protected employee." For every "protected employee" electing to remain on a blankable position or on the extra board under these conditions, one junior "protected employee" will be treated as a non-protected employee, so that the number of "protected employees" treated as non-protected employees will be equal to the number of "protected employees" who could hold non-blankable positions.

- (9) Nothing in this Understanding will be construed as preventing the Carrier from discontinuing any "blankable positions" if there is work otherwise available to "protected employees" in the exercise of seniority.

ATTACHMENT "E"

REPORT
TO
THE SECRETARY OF LABOR
AND
THE CHAIRMAN, NATIONAL MEDIATION BOARD

BY
THE CHAIRMAN
OF THE
PENN CENTRAL TRANSPORTATION COMPANY
AND THE
UNITED TRANSPORTATION UNION
STANDING COMMITTEE

Washington, D. C.
November 30, 1972

BACKGROUND OF STANDING COMMITTEE

The Standing Committee on the crew consist issue was established on July 21, 1972 by an agreement between the Penn Central Transportation Company (hereafter Penn Central) and the United Transportation Union (hereafter UTU). The Committee was created to advise and assist in the process of reducing 285 crews as provided for in the July 21 Agreement; facilitate collective bargaining so that a final settlement of the crew consist dispute could be effected; and if no such settlement could be reached by November 30, 1972, report its recommendations for disposition of the dispute, together with any other appropriate recommendations, to the Secretary of Labor and the Chairman of the National Mediation Board.

The Committee consisted of two representatives designated by the Penn Central (John J. Maher, Vice President of Administration and Robert E. Swert, Director of Labor Relations), two representatives designated by the UTU (Paul J. McNamara, Vice President and George W. Legge, Alternate Vice President), and a neutral Chairman chosen jointly by the parties. Monsignor George G. Higgins was selected as the neutral Chairman.

The Agreement provided that 285 crews operating with one conductor (foreman) and two brakemen (helpers) as of July 21, 1972 would be reduced to one and one as attrition occurred. The Committee was given the responsibility for seeing that the procedures for eliminating the crews functioned properly. If after November 30, 1972 the

-2-

Penn Central should promulgate its Section 6 notice of June 7, 1971, which provided the Carrier with the unrestricted right to determine the crew consist, all reduction of crews achieved under the Agreement would be rescinded as of the date of such promulgation. The Agreement also furnished the parties with the chance to negotiate a final settlement of the dispute by establishing a Committee which could meet periodically in a non-crisis atmosphere.

After a preliminary organizational meeting, the first substantive meeting of the Committee was held August 3, 1972, in Washington to discuss the reduction of the 285 crews in accordance with the July 21 understanding. In an effort to benefit those union representatives responsible for operating under the Agreement, several meetings subsequently were held in the field. The Chairman accompanied the Carrier and Organization representatives to this series of conferences which gave the UTU General Chairmen an opportunity to clarify any ambiguities concerning the July Agreement. Such meetings were held in Cleveland, Columbus, Detroit, Philadelphia, Boston, Syracuse, and Indianapolis during August 1972. In addition, rail operations at various yards were observed.

The Committee resumed its discussions September 15, 1972 and continued meeting at frequent intervals until November 27, 1972. The parties also met privately with each other and with the Chairman. Although many problems relating to the 285 were resolved, the negotiations did not result in a final settlement of the crew consist dispute.

-3-

According to the provisions of the July Agreement, the Standing Committee has no authority to continue in existence after November 30, 1972 unless an extension is agreed to by both parties.

-4-

HISTORY OF THE CREW CONSIST ISSUE

The history of the crew consist issue is a long and well documented one. Volumes of testimony, studies, and recommendations have been recorded through the efforts of the Presidential Railroad Commission, Arbitration Board 282, and three Presidential Emergency Boards which have investigated and reported on the matter.

Since so much has been written previously on crew consist, this report, in terms of historical perspective, will focus only on the recent history of the issue as it affects the Penn Central. Following is a capsulized history.

Jan. 29, 1965

The Luna-Saunders Agreement was signed by the Brotherhood of Railroad Trainmen (BRT) and twenty-two Eastern railroads, including the New York Central, the Pennsylvania and the New Haven. The settlement, with certain exceptions, established minimum road and yard crews of one conductor and two brakemen. The BRT agreed to withdraw all opposition to the repeal of state full crew laws in the states covered by the agreement.

Feb. 1, 1968

Pennsylvania and New York Central Railroads merged.

Jan. 1, 1969

The BRT and three other operating unions merged to form the United Transportation Union (UTU).

Jan. 1, 1970

Luna-Saunders Agreement subject to renegotiation on or after this date in accordance with provisions of the Railway Labor Act.

-5-

June 21, 1970

Penn Central filed a petition for Reorganization under Section 77 of the Bankruptcy Act. Subsequently, Federal Judge John P. Fullam, District Court for the Eastern District of Pennsylvania, who was chosen to supervise reorganization proceedings, appointed George P. Baker, Richard C. Bond, Jervis Langdon, Jr., and W. Willard Wirtz as trustees.

June 7, 1971

The Penn Central served notice on the UTU pursuant to Section 6 of the Railway Labor Act proposing abrogation of the Luna-Saunders Agreement and providing the Carrier the unrestricted right to determine the crew consist under any and all circumstances. This proposal was virtually the same as the Carriers' notices on this issue in 1959.

June 16, 1971

The Penn Central and UTU commenced negotiations which continued through August 1971.

Nov. 18, 1971

The Penn Central - UTU crew consist dispute was referred to the National Mediation Board and mediation continued through March 1972.

Feb. 1, 1972

The NMB proffered arbitration to the parties in accordance with Section 5 of the Railway Labor Act. This proffer was originally accepted by the Penn Central but later rejected. The UTU deferred its decision.

Feb. 15, 1972

Report of the Penn Central Trustees on Reorganization Planning was filed with the District Court in Philadelphia (No. 70-347). The Report concluded that the Carrier can be successfully reorganized if it is allowed to reduce labor costs, abandon unproductive lines and receive full compensation for passenger losses. The Carrier's proposals with respect to personnel reductions would result in the elimination of approximately 6,000 conductors' and brakemen's jobs.

-6-

Mar. 1, 1972

The NMB released the Penn Central - UTU case, and the parties were required to maintain the status quo for 30 days.

Mar. 14, 1972

The Penn Central announced it would put its crew consist proposal in effect on April 1. The Carrier indicated that about 6,000 of approximately 18,000 conductors' and brakemen's jobs ultimately would be eliminated. The UTU threatened to strike or take court action.

Mar. 31, 1972

President Nixon created Emergency Board No. 180 to investigate and report on the dispute within 30 days pursuant to the Railway Labor Act. The action required the parties to maintain the status quo for this period and for 30 days after the Board submitted its Report to the President.

May 15, 1972

Emergency Board No. 180 submitted its Report to the President. The Board recommended that the parties resume negotiations to resolve the issues. If the parties accepted the recommendations, but were unable to reach agreement by January 4, 1973, the Board would reconvene and recommend an "ultimate solution" in a final report.

May 24, 1972

The UTU accepted the Board's Report as a basis for settlement of the crew consist dispute.

June 7, 1972

The Penn Central responded to the Board's Report without either accepting or rejecting its recommendations by promising to "continue hard bargaining."

June 15, 1972

The parties were legally free to resort to self help measures. Instead, they turned to the courts. Trustees of the Penn Central petitioned Judge Fullam for authority to eliminate jobs "after proper notice" to the union. The UTU petitioned the District Court in Washington to protect its existing crew consist agreements with the Carrier. The union offered to withdraw the suit if the Penn Central accepted the Board's recommendations.

-7-

July 12, 1972

Judge Fullam ordered the trustees to proceed with plans to reduce the size of train crews, while at the same time directing them to negotiate with the UTU. The Carrier posted notices that it would begin to phase out 5,700 jobs on July 26.

July 14, 1972

Judge Fullam issued a more complete opinion in support of his order of July 12, stating that "as the matter now stands, the trustees should not accept the report of Board 180."

July 21, 1972

The parties reached an interim agreement on the disposition of the crew consist issue with the assistance of Assistant Secretary of Labor W. J. Usery, Jr. and George Ives of the NMB. The agreement provided for the reduction of 285 crews and the establishment of a Standing Committee.

November 30, 1972

The report of the Standing Committee is submitted to the Secretary of Labor and the Chairman of the National Mediation Board. The parties are free to resort to self help measures if no agreement is reached.

RECOMMENDATIONS

Since the recommendations of this report are not binding on either the Carrier or the Organization, this document will soon be filed away with the findings of past boards, committees, and commissions. There is an element of vanity involved to think that any one set of recommendations or proposals by a third party can settle an issue as long-standing as crew consist. Moreover, it would be wishful thinking for the parties in such a dispute to believe that recommendations could provide a way out of the wilderness. Too often the convening of a board or committee with the power to make recommendations merely provides the parties with a convenient excuse for their own unwillingness to face up to the dilemma in which they find themselves and which, short of government intervention, they and they alone can satisfactorily resolve through the process of collective bargaining. The record will show that when they do decide to act on their own initiative, without either the benefit or the threat of outside intervention, they manage to resolve their differences to the reasonable satisfaction of both sides. For example, after years of public studies and inquiries, the parties involved finally settled the fireman manning issue through the free collective bargaining process and on their own accord.

The Penn Central and the UTU are beyond the provisions of the Railway Labor Act, and thus they have exhausted the procedures established by statute to aid them in their effort to arrive at a settlement. This dispute has now reached the point of no return. In the absence of a voluntary solution, the next obvious step which the parties must seriously weigh is intervention by the Congress in the form of special ad hoc legislation. Unless such intervention is desired by the Carrier or the Organization, it is suggested they come to terms on this dispute by themselves.

The parties have demonstrated a healthy and constructive spirit of cooperation in handling the problems which have arisen in connection with the agreed upon reduction of the 265 crews. They have also tried earnestly through good faith bargaining to reach a permanent agreement on the consist issue. In spite of the progress that was made in negotiations, what has resulted is an honest difference of opinion leading to a stalemate.

Since reasonable men differ, it is not appropriate in this report to recommend any final solution which the parties themselves could not agree upon through the negotiating process. Furthermore, the commonplace practice of proposing an extension to allow the parties more time to bargain will not be recommended. If the Penn Central and the UTU have anything worthwhile to discuss with each other, they will confer and bargain regardless of the recommendation to do so. If they have nothing new and substantial to propose, future meetings would be fruitless.

-10-

It is recommended that the Carrier and the Organization very carefully consider the alternatives facing them if they permit the crew consist dispute to escape the confines of collective bargaining and enter the political arena. The Chairman of the Standing Committee is strongly of the opinion that the parties have much more to lose than they have to gain by circumventing the collective bargaining process. Accordingly the Chairman, in concluding this report, urges the Penn Central and the UTU to continue to bargain over the consist issue in good faith. The Chairman will maintain a continuing interest in the progress of negotiations on this issue and will stand by until further notice in the event his services as a mediator may be requested. Given the constructive attitude of the parties during the negotiations which have been carried on during the life of the Standing Committee, there is reason to hope that they can, if they will, arrive at an equitable solution of the crew consist issue on their own accord.

/s/

Monsignor George G. Higgins
Chairman, Standing Committee

ATTACHMENT "F"

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In the Matter of	:	In Proceedings for the
		Reorganization of a
PENN CENTRAL TRANSPORTATION	:	Railroad
COMPANY,		
Debtor	:	Bky. No. 70-347

Re: Crew-Consist Controversy with
United Transportation Union (UTU)

ORDER NO. 1055

AND NOW, this 22nd day of December, 1972, in consideration of the "Petition of the Trustees to Promulgate the New Crew Consist Rule" (Document No. 4770), and after hearing, it is hereby ORDERED:

The Trustees are authorized and instructed to establish and put into effect the train crew consist rule embodied in the notices served, pursuant to Sec. 6 of the Railway Labor Act, on June 7, 1971; provided, however, that if agreement on the crew consist issue is reached by the Trustees and the United Transportation Union prior to the date hereinafter indicated as the effective date for such rule, action in this matter will be postponed pending the Court's review of such agreement and its further order. It is further provided that the new crew consist rule shall be established and implemented consistently with these principles: that crew reductions be made only with due consideration to the effect of such reductions upon adequate and safe transportation service to the public and

upon the interests of the employees affected; that maximum reasonable effort be made to accomplish so much of the contemplated reduction in consist of crews as is possible by negotiation and agreement between the Trustees and the UTU; that the fullest practicable reliance be placed on the participation of independent third parties in the resolution of any differences between the Trustees and the UTU regarding the implementation of this rule; that appropriate reductions in consists of crew be made expeditiously with due regard to the needs and conditions of the Debtor estate; that trainmen in active service on the date of this Order be accorded job protection.

In recognition of these principles, it is

ORDERED:

1. That the Trustees post appropriate notice of the establishment of the new rule at least 14 days prior to the date it is to become effective and that they make every reasonable effort to resolve the crew consist issue by negotiation during the notice period. The Trustees are instructed in this connection to proffer to the UTU their agreement to a procedure for implementing and administering the new crew consist rule either by invoking for the resolution of this dispute the procedure of P.L. 89-456; or in any comparable manner.

2. That if no agreement is reached under numbered paragraph 1 of this Order during the notice period, the Trustees shall proceed to implement the new crew consist rule in the following manner:

(a) The superintendent of each division of the Debtor will within seven days following the effective date of the new rule, notify his local chairman of crews which are proposed to be reduced, amounting to no more than 20 percent of the total crews in the division. Subsequent similar lists shall be supplied at intervals of not less than 90 days.

(b) Each superintendent will negotiate with the local chairman, if he shall so request, as to whether the crews thus listed can properly be reduced, considering safety of operations and workload of remaining crew members.

(c) If agreement is not reached within 30 days from the date when the local chairman was notified of the intention to reduce the consist of a crew, such reduction may thereafter be made effective by the Trustees.

(d) If upon the effectuation of such reduction the UTU challenges the Trustees' action through the procedures established in Sec. 3 of the Railway Labor Act or in Public Law 89-456 on the ground that such reduction has been made without due consideration to safety of operations and workload of remaining crew members, the Trustees shall accept the jurisdiction of the Adjustment Board or Special Board of Adjustment and shall be bound by the award of such Board.

3. That trainmen entitled to protection under provisions of law or under existing job protection agreements shall be accorded such protection; that any trainman in active service on the date of this Order who is affected

by a reduction in crew consist and who is not entitled to protection under provisions of law or under existing job protection agreements shall be accorded a period of protection equal to the length of his seniority as a trainman, but not in excess of six years; and that any trainman entitled to protection under this paragraph shall not be required to relocate beyond the limits of his prior right seniority district or working zone because of a reduction in any crew.

Any party may, on seven days' notice to those customarily notified and to the UTU, apply to the Court for interpretation, elaboration or modification of this Order.

(Sgd) JOHN P. FULLAM

J.



Interstate Commerce Commission
Washington, D. C. 20423

ATTACHMENT "G"

Office of the Chairman

January 3, 1973

Honorable Wright Patman
Chairman
Banking and Currency Committee
House of Representatives
Washington, D. C. 20515

Dear Congressman Patman:

I have enclosed our latest analysis of the financial condition of the Penn Central Transportation Company.

The analysis indicates that the Trustees of the railroad anticipate a serious cash shortage by the end of February 1973. At that time the Trustees fear that the railroad might be forced to cease operations unless some form of government aid is received. No more funds are available to Penn Central from the Emergency Rail Services Act of 1970, the railroad having already drawn down the entire \$100 million for which it was eligible. In an attempt to conserve cash, the Trustees have requested Reorganization Court approval to defer \$5.1 million of wage increases scheduled for the first quarter of 1973, but even this will not avert the anticipated cash emergency in February.

Subsequent to the preparation of our analysis, the railroad submitted projected cash balances - \$6.4 million is forecasted at February 1, 1973 and a cash overdraft of \$6.7 million at March 1, 1973. The Trustees have repeatedly stated that at least \$20 million in cash is needed for orderly operations, and a \$10 million minimum balance is required to cover payroll taxes withheld from employees.

The only Federal loan presently available to Penn Central is an amount estimated at \$20 million under the Emergency Rail Facilities Restoration Act to replace or restore facilities damaged by Tropical Storm Agnes. However, as a condition to eligibility for such a loan, the law provides that the railroad must agree to repair its line from Sunbury to Wilkes-Barre, Pennsylvania, at a cost of something less than \$1 million. Penn Central refuses to meet this condition, and instead is seeking to abandon the line on the basis that it is unprofitable.

(See page 2 -- Para. 1)

ATTACHMENT "G"

Honorable Wright Patman

January 3, 1973

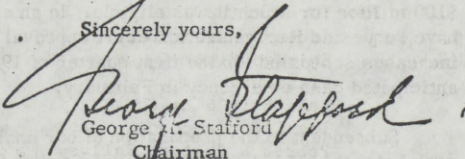
The Trustees propose to unilaterally reduce the size of train crews, since negotiations with the United Transportation Union on this issue have reached an impasse. The Reorganization Court has already granted approval for such action; however, the Trustees must give operating employees at least fourteen days' notice before implementing any reductions. The Union has declined to comment at this time. Since all the procedures of the Railway Labor Act have been exhausted, Congressional action may be necessary to resolve the train crew size dispute.

Although the Trustees report some progress in their attempt to reorganize the railroad, we are unable to predict at this time whether a conventional income based reorganization will be possible, due to the many uncertainties that now exist including the possible forthcoming cash and labor crises. The Trustees will file a final plan of reorganization by April 1, 1973, at which time they will reveal whether reorganization without government aid is possible.

Penn Central incurred a \$176.0 million net loss for the first nine months of 1972, which represents some \$20 million improvement over the 1971 period even after the \$19 million of costs attributable to flood damage caused by Tropical Storm Agnes. This storm severely disrupted Penn Central's operations during the summer months and caused widespread damage to its properties.

We will continue to advise you of changes in Penn Central's financial condition. If additional information or clarification is needed, please do not hesitate to call me.

Sincerely yours,


George M. Stafford
Chairman

Enclosure

ATTACHMENT "H"

ABSTRACT OF CREW CONSIST AGREEMENTS
AS CONTAINED IN EMPLOYEES' EXHIBIT
NOS. 4 AND 5 SUBMITTED
TO EMERGENCY BOARD NO. 180

Luna-Saunders Agreement of January 29, 1965.

Railroad Parties:

Ann Arbor Railroad Company
Bessemer and Lake Erie Railroad Company
Canadian National Railways
Central Vermont Railway, Inc.
The Delaware & Hudson Railroad Corp.
Detroit, Toledo & Ironton Railroad Co.
Erie-Lackawanna Railroad Company
Grand Trunk Western Railroad Co.
The Lehigh & Hudson River Railway Co.
Lehigh Valley Railroad Co.
The Long Island Rail Road
Monon Railroad Co.
Montour Railroad Co.
New York Central Railroad Co.
Indiana Harbor Belt Railroad Co.
Chicago River & Indiana Railroad Co.
Pittsburgh & Lake Erie Railroad Co.
Lake Erie & Eastern Railroad Co.
The Cleveland Union Terminals Co.
Peoria & Eastern Railway
The New York, New Haven & Hartford Railroad Co.
New York, Susquehanna & Western Railroad Co.
The Pennsylvania Railroad Co.
Baltimore & Eastern Railroad Co.
Pennsylvania-Reading Seashore Lines
Pittsburgh, Chartiers & Youghiogheny Railway Co.
Youngstown & Southern Railroad Co.

Conductor or foreman and two trainmen or helpers
except where established consist prior to January
25, 1964 was conductor or foreman and less than
two trainmen or helpers, such consist to continue.

ATTACHMENT "H"

Luna-Tuohy Agreement of March 22, 1965.

Railroad Parties:

Baltimore & Ohio Railroad Co.

Baltimore & Ohio Chicago Terminal Railroad Co.

Staten Island Rapid Transit Railway Co.

Curtis Bay Railroad Co.

Conductor or foreman and two trainmen or helpers except where established consist prior to January 25, 1964 was conductor or foreman and less than two trainmen or helpers, such consist to continue.

Reading Company - Agreement dated August 11, 1966.

Conductor or foreman and two trainmen or helpers except:

- (a) where established consist prior to January 25, 1964 was conductor or foreman and less than two trainmen or helpers such consist to continue.
- (b) self-operated devices, light engine, helper and exchange movements covered by other agreements.

Southern Pacific Company - Texas & Louisiana Lines
Agreement dated September 12, 1967.

ROAD - conductor and two trainmen.

YARD - (NOTE: BRT does not represent yardmen on this property.)

Jacksonville Memorandum - See final settlements on Missouri Pacific, Texas Pacific, Seaboard Coast Line and Southern Railway.

Chesapeake & Ohio Memorandum - See final settlements on Chesapeake and Ohio, Eastern and Central Regions and Chesapeake and Ohio, Northern Region.

Gulf, Mobile and Ohio Railway Company - Agreement dated February 22, 1968.

ROAD - Main Lines - conductor and two trainmen.

Branch Lines - conductor and two trainmen on four branches; conductor and one trainman on three branches.

Work or wreck service - regularly assigned crews - conductor and one trainman; where assigned freight crews used for this service - conductor and two brakemen.

YARD - foreman and two helpers except railroad may designate two crews of a foreman and one helper.

Southern Railway Company - Agreement dated February 28, 1968.

The Cincinnati, New Orleans and Texas Pacific Railway Co.
Harriman and Northeastern Railroad Company
The Alabama Great Southern Railroad Company
New Orleans and Northeastern Railroad Company
The New Orleans Terminal Company
Georgia Southern and Florida Railway Company
St. Johns River Terminal Company
Carolina and Northwestern Railway Company

ROAD - Main Lines - conductor and two trainmen.

Branch Lines - conductor and one trainman on seven local crews

YARD - foreman and two helpers except foreman and one helper on one engine at each of thirty yards.

Union Pacific Railroad Company - Agreement dated March 1, 1968.

- ROAD Passenger - conductor and two brakemen except in territories where under former rules when handling less than four cars one brakeman will still be used.
- Freight - conductor and two brakemen except conductor and one brakeman on ten locals.
- YARD - foreman and two helpers except foreman and one helper on seventeen assignments in thirteen yards.

Missouri Pacific (Gulf District) - Agreement dated March 15, 1968.

See Tabs 10 and 14.

- ROAD - conductor and two brakemen except conductor and one brakeman on fifteen territories.
- YARD - foreman and two helpers except foreman and one helper on one engine in each of three yards.

Texas and Pacific Railway Company - Agreement dated March 15, 1968.

- ROAD - conductor and two trainmen except conductor and one trainman on four locals.
- YARD - foreman and two helpers.

Fort Worth Belt Railway Company - Agreement dated March 15, 1968.

- YARD - foreman and two helpers.

Seaboard Coast Line Railroad Company - Agreement dated March 16, 1968.

- ROAD Passenger - conductor and two trainmen except conductor and one trainman on four trains.
- Freight - conductor and two trainmen except conductor and one trainman on twenty-three assignments.
- YARD - foreman and two helpers except foreman and one helper on total of twenty-two assignments located in twenty yards and three passenger yard jobs.

Missouri Pacific (Proper) - Agreement dated March 16, 1968.

See Item No. 10.

Chesapeake and Ohio Railway Co. (South) - Agmt. Dated March 22, 1968
(North) - Agmt. Dated March 26, 1968.

- ROAD - conductor and two trainmen except conductor and one trainman on one local.
- YARD - foreman and two helpers except foreman and one helper on total of twenty-five crews located in seventeen yards.

Boston and Maine Corporation - Agreement dated March 28, 1968.

- ROAD - conductor and two trainmer.
- YARD - foreman and two helpers except foreman and one helper on two assignments.

Terminal Railway Alabama State Docks - Agreement dated April 2, 1968.

YARD

- foreman and two helpers except foreman and one helper on two assignments.

Norfolk and Portsmouth Belt Line - Agreement dated April 3, 1968.

YARD

- foreman and two helpers except foreman and one helper in work or wreck service and in handling scale test cars.

Western Maryland Railway Company - Agreement dated April 11, 1968.

ROAD

- conductor and two trainmen except conductor and one trainman on two crews.

YARD

- foreman and two helpers except foreman and one helper on three assignments.

Chicago, Milwaukee St. Paul & Pacific (West) - Agmt. dated 4-19-68
(East) - Agmt. dated 4-22-68

ROAD

Passenger - conductor and two trainmen except conductor and one trainman on five cars or less.

Freight - conductor and two trainmen except conductor and one trainman:

- (a) on three local crews on Western Region
- (b) work on wreck train service on branch lines.
- (c) on sixteen road assignments on Eastern Region.

YARD

- foreman and two helpers except foreman and one helper on total of fourteen assignments in thirteen yards.

Central Railroad of New Jersey - Agreement dated May 9, 1968
New York and Long Branch Railroad.

ROAD Passenger - conductor and two trainmen.

Freight - conductor and two trainmen except conductor and one trainman in work and wreck crews.

YARD - foreman and two helpers except foreman and one helper in work and wreck crews.

Atchison, Topeka and Santa Fe (East & West) - Agmt. dated 5-10-68
(Coast Lines) - Agmt. dated 5-14-68.

ROAD Passenger - conductor and one trainman.

Freight - conductor and two trainmen except conductor and one trainman on nine crews.

ARD - foreman and two helpers except foreman and one helper on total of eleven assignments in eight yards.

Terminal Railroad Association of St. Louis - Agreement dated May 16, 1968.

YARD - foreman and two helpers except foreman and one helper on total of fifteen crews in six districts.

Maine Central - Portland Terminal - Agreement dated May 17, 1968.

ROAD - conductor and two trainmen except conductor and one trainman on two crews and work trains on branch lines.

YARD - foreman and two helpers except foreman and one helper on three crews.

Alton and Southern Railroad - Agreement dated May 23, 1968.

YARD

- foreman and two helpers except foreman and one helper on four assignments designated by carrier.

Chicago, Burlington & Quincy Railroad - Agreement dated June 12, 1968.

ROAD

- conductor and two trainmen except conductor and one trainman on:
 - (a) Five road switchers
 - (b) On twelve branch lines.

YARD

- foreman and two helpers except foreman and one helper on total of seventeen yard assignments in sixteen yards.

St. Louis-San Francisco Railway Company - Agreement dated June 14, 1968.

ROAD

- conductor and two trainmen except conductor and one trainman on total of thirteen crews in nine territories.

YARD

- foreman and two helpers except foreman and one helper on total of twenty-nine crews in thirteen yards.

Norfolk & Western Railway Company - Agreement dated June 21, 1968.

ROAD

- conductor and two trainmen.

YARD

- foreman and two helpers except foreman and one helper on total of seven crews in five yards.

St. Louis Southwestern Railway Company - Agreement dated June 26, 1968.

ROAD - conductor and two trainmen.

YARD - foreman and two helpers except foreman
and one helper on total of seven crews
at five yards.

Kentucky & Indiana Terminal - Agreement dated June 27, 1968.

YARD - foreman and two helpers except foreman
and one helper on four jobs.

Central of Georgia Railway Company - Agreement dated June 27, 1968.

ROAD - conductor and two trainmen except conductor and one trainman on six road freights.

YARD - (NOTE: BRT does not represent yardmen on this property.)

Norfolk & Western (Wabash) - Agreement dated June 28, 1968.

ROAD - conductor and two trainmen except conductor and one trainman on four assignments.

YARD - foreman and two helpers except foreman
and one helper on seven crews in five yards.

Norfolk Southern Railway - Agreement dated June 28, 1968.

ROAD - conductor and two trainmen except conductor and one trainman on:
(a) four road trains per day
(b) work trains.

Missouri-Kansas-Texas - Agreement dated July 5, 1968.

ROAD

- conductor and two trainmen except conductor and one trainman on nine road territories.

YARD

- foreman and two helpers except foreman and one helper in five yards.

Toledo, Peoria and Western Railroad - Agreement effective July 15, 1968.

YARD

- foreman and two helpers.

Alabama, Tennessee and Northern - Agreement dated July 24, 1968.

ROAD

- conductor and two trainmen except conductor and one trainman on one local.

YARD

- foreman and two helpers except foreman and one helper on two crews.

Ogden Union Railway and Depot Company - Agreement dated July 29, 1968.

YARD

- foreman and two helpers.

Georgia Railroad - Agreement dated August 10, 1968.

ROAD

- conductor and two trainmen.

YARD

- foreman and two helpers except foreman and one helper on one yard assignment.

Atlanta Joint Terminals - Agreement dated August 10, 1968.

YARD

- foreman and two helpers except foreman and one helper on one assignment.

Atlanta and West Point - Western Ry. of Alabama - Agmt. dated 8-10-68.

ROAD - conductor and two trainmen.

YARD - foreman and two helpers except foreman and one helper on one assignment.

Lehigh & New England Railway Company - Agreement dated August 22, 1968.

ROAD - conductor and two trainmen.

Colorado & Southern Railway Company - Agreement dated October 5, 1968.

ROAD - conductor and two trainmen except conductor and one trainman on one assignment.

YARD - foreman and two helpers.

St. Joseph Belt Railway - Union Terminal Railway - Agmt. dated 10-10-68.

YARD - foreman and two helpers except foreman and one helper on six jobs.

Bangor and Aroostook Railroad Company - Agreement dated 12-6-68

ROAD - conductor and two brakemen

YARD - foreman and two brakemen (helpers), except foreman and one brakeman (helper) on one switcher between June 15th and November 15th of each year, as designated by carrier, and except two crew members for specified time when one and two crew reduced by illness, injury or emergency.

Norfolk and Western Railway Company (Nickel Plate, Clover Leaf and Lake Erie and Western Districts) - Agmt. dated 1-13-69

ROAD

- conductor and two brakemen

YARD

- foreman and two helpers, except foreman and one helper on a total of not more than four crews designated by carrier at three specified yards, with no more than two such crews at any one of the three specified yards, and except two crew members for specified time when one and two crew reduced by illness, injury or emergency (except for Chicago Switching District, where crews not required to work "short-handed" in illness, injury or emergency situation).

Chicago, Rock Island and Pacific Railroad Company - Agmt. dated 1-16-69

YARD

- foreman and one helper on all crews in seventeen yards, foreman and two helpers on all crews in five yards, foreman and three helpers on all crews in one yard. At two additional yards, foreman and one helper on designated crews.

Kansas City Terminal Railway Company - Agreement dated 2-5-69

YARD

- foreman and two helpers, except foreman and one helper on any three assignments, one only per shift, selected by carrier; except foreman and one helper for specified time if vacancy on three-man assignment, unless such vacancy occurs on four listed assignments, then foreman and one helper not required to perform service.

Peoria and Pekin Union Railway Company - Agreement dated 2-19-69

YARD

- foreman and two helpers, except foreman and one helper on four specified regular assignments and all extra assignments.

Savannah and Atlanta Railway Company - Agreement dated 2-13-69

ROAD

- conductor and two trainmen, except conductor and one trainman on one specified freight train per day on all work trains.

YARD

- foreman and two switchmen, except on one yard engine designated by carrier.

Des Moines Union Railway Company - Agreement dated 2-14-69

YARD

- foreman and two helpers, except foreman and one helper on one assignment designated by carrier, and except two crew members for foreman and one helper for specified time when one member of a yard crew fails to report for work at starting time for any reason.

Davenport, Rock Island and North Western Railway Company - Agmt. dated 2-20-69

YARD

- foreman and two helpers on maximum of three of eleven assignments, by formula based on total number of crews operated by carrier.

Great Northern Railway Company - Agreement dated 3-31-69

YARD

- foreman and two helpers, except foreman and one helper on all assignments in ten yards, and foreman and three helpers on all assignments in three yards.

Norfolk and Western Railway Company (Wheeling & Lake Erie District)
Agreement dated 3-28-69

- ROAD - conductor and two brakemen
- YARD - foreman and two helpers, except two crew members for specified time when one and two crew reduced by illness, injury or emergency.

Norfolk and Western Railway (Pittsburgh and West Virginia District)
Agreement dated 3-4-69

- ROAD - conductor and two brakemen
- YARD - foreman and two brakemen (helpers) as necessary to fill regularly assigned positions with designated seniority employees

Southern Pacific Company - Texas & Louisiana Lines - Agmt. dated 3-14-69

- YARD - foreman and two helpers at twenty-one designated cities.

Belt Railway Company of Chicago - Agreement dated 4-4-69

- YARD - conductor and two helpers, except conductor and one helper on six designated regular transfer jobs and a maximum of eight undesignated irregular transfer jobs, and except for two crew members for specified time when one and two crew reduced by illness, injury or emergency.

Fort Worth and Denver Railway Company - Agreement dated 4-4-69

- ROAD - conductor and two brakemen, except conductor and one helper on one specified assignment

Kansas City Southern Railway Company - Agreement dated 4-19-69

Louisiana & Arkansas Railway Company - Agreement dated 4-19-69

ROAD

- Freight: conductor and two brakemen except conductor and one brakeman on one designated job.

Passenger: conductor and one brakeman

YARD

- foreman and two helpers; except foreman and one helper on three designated jobs and except two crew members for specified time when one and two crew reduced by illness or injury.

Atchison, Topeka and Santa Fe Railway Company Western Lines -
Northern and Southern Divisions - Agreement dated 4-25-69

ROAD

- Freight: conductor and three trainmen on six designated assignments, as necessary to provide employment for "protected" trainmen; conductor and two trainmen on all other road freight crews.

Passenger: conductor, trainman and porter-brakeman (or two trainmen if porter-brakeman not available), if five cars or more.

YARD

- foreman and three helpers at one designated city when necessary to provide employment for "protected" yardmen, foreman and two helpers on all other yard crews.

Richmond, Fredericksburg and Potomac Railroad Company -
 Agreement dated 4-10-69

YARD

- conductor and two helpers on seventy-five percent of all yard crews, except hump crews at one designated yard.

Illinois Central Railroad Company - Agreement dated 4-13-69

ROAD

- Regular jobs: conductor and two trainmen on fifty percent of all regular road crews, as designated by carrier; conductor and one trainman on fifty percent of all regular yard crews, as designated by carrier.

Extra jobs: conductor and two trainmen

YARD

- General Switching: foreman and two helpers on fifty percent of all regular yard crews, as designated by carrier; foreman and one helper on fifty percent of all regular yard crews, as designated by carrier.

Work Trains: foreman and one helper

Extra Jobs: foreman and two helpers, except work trains.

Louisville & Nashville Railroad Company - Agreement dated 5-26-69

ROAD

- conductor and two trainmen, except conductor and one trainman on eight designated freight crews.

YARD

- foreman and two switchmen, except foreman and one switchman for one yard crew at each of sixteen designated points, two yard crews at one designated point, three yard crews at one designated point, four yard crews at each of four designated points, eight yard crews at one designated point, all such crews to be designated by carrier.

California Western Railroad - Agreement dated 5-26-69

ROAD

- conductor and two brakemen, if four or more cars; conductor and one brakeman if three or less cars.

YARD

- conductor and two brakemen, if four or more cars; conductor and one brakeman if three or less cars.

Tennessee, Alabama & Georgia Railway Company - Agreement dated 5-28-69

ROAD

- conductor and two trainmen, except conductor and one trainman when two or more runs are assigned and extra man not available to work as second trainman.

New Orleans & Lower Coast Railway Company - Agreement dated 6-5-69

ALL TRAIN CREWS

- conductor and two brakemen.

Chicago Short Line Railway Company - Agreement dated 6-10-69

YARD

- foreman and two helpers if three or fewer crews worked; foreman and one helper on fourth crew if worked; this ratio to be maintained for all additional crews worked.

Norfolk & Western Railway Company (Wheeling and Lake Erie District)
Agreement dated 6-30-69

ROAD

- Freight: conductor and two brakemen

Work Trains: conductor and two brakemen

Chicago & Eastern Illinois Railroad Company - Agreement dated 7-10-69

ROAD

- conductor and two brakemen, except foreman
and one brakeman on one designated assignment

YARD

- foreman and two helpers, except foreman and
one helper on two assignments at designated
point, as selected by carrier.

Louisville & Nashville Railroad Company (Evansville-Woodland
Junction Line) - Agreement dated 7-10-69

ROAD

- Freight: conductor and two trainmen

Passenger: conductor and one trainman

YARD

- foreman and two switchmen, except foreman
and one helper on one yard crew at designated
point, as selected by carrier.

Clinchfield Railroad Company - Agreement dated 7-17-69

YARD

- foreman and two helpers, except foreman and
one helper on two crews at designated yard.

Portland Terminal Railroad Company - Agreement dated 8-4-69

YARD

- foreman and two helpers, except foreman and
one helper on two crews per shift per day and
for specified time if a member of a three-man
crew absent for any cause.

Houston Belt & Terminal Railway Company - Agreement dated 8-5-69

YARD

- foreman and two helpers, except foreman and one helper for specified time if short-handed, unless lead switching.

Richmond, Fredericksburg and Potomac Railroad Company - Agmt. dated 8-6-69

ROAD

- conductor and two trainmen, except conductor and one trainman on designated Special Commodity train crews.

Sioux City Terminal Railway Company - Agreement dated 8-13-69

YARD

- foreman and two helpers, except foreman and one helper on weekend crews and any time two or more engines worked.

Northern Pacific Railway Company - Agreement dated 10-6-69

ROAD

- Freight: conductor and two brakemen

Branch Line: conductor and two brakemen;
conductor and one brakeman on fourteen
designated assignments and extra crews
in designated branch line territories.

YARD

- foreman and two helpers; foreman and one helper on twenty-six designated assignments, on extra crews engaged in work and/or wreck service, and for specified time when one and two crew reduced by a crew member's absence for any reason.

Spokane, Portland and Seattle Railway Company - Agreement dated 8-29-69

YARD

- General yard switching: foreman and two helpers on twelve designated assignments and all extra engines performing general switching; foreman and one helper on twelve designated assignments.

Spokane, Portland and Seattle Railway Company (Continued)

YARD

- Transfer service and industrial switching: foreman and two helpers on ten designated assignments; foreman and one helper on four designated assignments and on all extra engines performing transfer service.

- Open yard switching: foreman and two helpers on fourteen designated assignments; foreman and one helper on four designated assignments and for specified time when one and two crew reduced by crew member's absence for any reason.

Minnesota Transfer Railway Company - Agreement dated 11-11-69

YARD

- foreman and two helpers, except foreman and one helper on two crews designated by carrier.

Illinois Terminal Railroad - Agreement dated 12-4-69

ROAD

- one conductor and two brakemen except on seven (7) assignments

YARD

- one foreman and two helpers except on four (4) assignments

Washington Terminal Company - Agreement dated 12-17-69

YARD

- one foreman and two helpers on 80% of all assignments in operation

Wichita Terminal Association - Agreement dated 1-3-70

YARD

- *- one foreman and two helpers on 50% of yard assignments in excess of four (4).
- one foreman and one helper on yard assignments when less than four (4) in operation.

King Street Passenger Station - Agreement dated 1-29-70

YARD

- one foreman and two helpers on sufficient number of jobs to provide work for all yardmen on active working list as of October 20, 1969.

Spokane, Portland and Seattle Railway (System Lines)
Agreement dated 2-14-70YARD

- one foreman and two helpers on thirty-four (34) assignments.
- one foreman and one helper on four (4) assignments.

Jacksonville Terminal Company - Agreement dated 5-13-70

YARD

- one foreman and two helpers

Illinois Central - Agreement dated 6-11-70

YARD AND ROAD

- one conductor and two brakemen on road assignments and one foreman and two helpers on yard assignments, with the exception that ninety-three (93) of the total road and yard assignments as based on a two day average in each week may be operated for the following week with one road brakeman or one yard helper respectively.

Texas and Pacific (Former Kansas, Oklahoma and Gulf) - Agmt. dated 6-18-70

ROAD

- one conductor and two brakemen

Texas and Pacific (Midland Valley Subdivision) - Agmt. dated 6-18-70

ROAD

- one conductor and two brakemen

YARD

- one foreman and two helpers

Central of Georgia Railway - Agreement dated 5-26-71

YARD

- one foreman and two helpers, except one foreman and one helper on four (4) yard assignments at specific points.

Alabama Great Southern Railway (NO&NE District) - Agmt. dated 5-26-71

YARD

- one foreman and two yard helpers on all yard assignments except at Laurel, Mississippi.
- one foreman and one yard helper on all work, wreck and independent assignments at all yard engine points.

Soo Line Railroad - Agreement dated 7-1-71

ROAD

- one conductor and two brakemen on all ^{Road} yard assignments with the exception that nine (9) specific assignments may be operated with one conductor and one brakeman.

YARD

- one foreman and two helpers on yard assignments with the exception that five (5) specific assignments may be operated with one foreman and one helper.

ATTACHMENT "I"

BROTHERHOOD OF RAILROAD TRAINMEN

CHARLES LUNA
PRESIDENTL E CHESTER
ASSISTANT TO THE PRESIDENTW E B CHASE
GENERAL SECRETARY AND TREASURER

AFL-CIO-CLC

General Office
Cleveland, Ohio

CL:17:cd

February 1, 1965.

Vice Presidents and
Alternate Vice Presidents
Brotherhood of Railroad Trainmen

RE: AGREEMENT OF JANUARY 29, 1965 BETWEEN
BROTHERHOOD OF RAILROAD TRAINMEN AND
CERTAIN EASTERN RAILROADS ON SUBJECT
OF CREW CONSIST.

Dear Sirs and Brothers:

You will recall our consideration, during the meeting of Grand Lodge officers held January 12, 1965, of a proposed settlement of the crew consist issue under discussion with representatives of the Eastern Railroads Presidents Conference, which would result in the establishment of a uniform rule applicable to the participating railroads whereby the crew consist in both road and yard service would be not less than one conductor and two brakemen. The proposition as explained was unanimously approved by all of you who were present.

After discussing the matter with the carrier representatives on several occasions, I am pleased to report to you that on January 29, 1965, an agreement was reached with 23 Eastern railroads providing for a crew consist rule to be inserted in the respective agreements between the parties on each railroad, party to the settlement, which will establish a crew consist on all ground road and yard crews in all classes of road and yard service of not less than a conductor (foreman) and two (2) trainmen (helpers), effective with the expiration of the Award of Board 282 or earlier in a Full Crew Law state in the Eastern Territory in event such law is repealed.

The terms of the agreement are self-explanatory; however, State Legislative Representatives are being furnished copy of this letter and attachment and their attention is particularly called to the provisions of Paragraph 5, Page 3 of the Agreement, wherein the Brotherhood is committed to immediately withdraw all opposition to the repeal of existing statutory and regulatory minimum crew requirements and from participation in any litigation concerning the legality of such requirements in the states covered by the Agreement. The Brotherhood will not institute or support the adoption of any new minimum crew consist laws or regulations in the states covered by this Agreement while this Agreement is in effect.

ATTACHMENT "I"

- 2 -

The above commitment applies only to the Eastern states, and has no application whatsoever to our Full Crew Law activities in other states.

State Legislative Representatives in the states comprising the Eastern Territory are cautioned to take care that the terms of this Agreement concerning Full Crew Laws are fully complied with, taking any necessary action in that connection without delay.

General Chairmen on the railroads, parties to this settlement, are likewise being furnished with copy of this letter and the attachment, and should acquaint their committeemen and lodges with this development. Additional copies of the agreement are available upon request. All other U. S. General Chairmen are being furnished copy as information.

All concerned are reminded that under this settlement, any reductions which may be made under the agreement will be made in accordance with the principles of attrition, so that all employees who held seniority dates prior to January 25, 1964 and who were not in furlough status on that date will be protected. In discontinuing the use of trainmen in excess of the minimum crew consist established in the Agreement, the carriers will comply with the provisions of agreements or Full Crew Laws in effect on the date of the Agreement by maintaining the excess crew personnel assignments even if the crew law is repealed, to the extent necessary to provide employment to trainmen and/or yardmen with seniority dates prior to January 25, 1964, who were not in a furlough status on that date, in accordance with the Agreement.

Recent developments concerning Full Crew Law legislation demanded that this Organization give careful consideration to any proposition which will serve to establish and preserve a firm safe crew consist rule. A realistic approach to the problems demanded that we take the necessary steps to ensure that train and yard crews, regardless of the decisions of special boards under Arbitration Board No. 282's Award, shall continue to operate with not less than a conductor and two brakemen in order to provide adequate safety of operation for the good of the public and employees of the railroads alike. It is to the mutual advantage of the parties to preserve a train crew operation which can safely and efficiently perform their duties under the hazardous conditions in the industry. I am pleased that representatives of the Eastern carriers were far-sighted enough to recognize the need for more harmonious relations between railroad management and employees by sitting down at the conference table for the purpose of working out a solution to our most serious point of difference.

What about the other railroads? An early meeting is anticipated with representatives of the remaining railroads to discuss this problem as it will affect them with the expiration of the Award of Arbitration Board No. 282.

Fraternally yours,

Charles Luna
President.

Encl.

cc: Other Grand Lodge Officers
All U. S. General Chairmen
State Legislative Representatives
Field Supervisors

UTU
JANUARY 27, 1972

MEDIATION AGREEMENT, CASE A-8830

DATED JANUARY 27, 1972

between

RAILROADS REPRESENTED BY THE

NATIONAL CARRIERS' CONFERENCE COMMITTEE

and their

EMPLOYEES REPRESENTED BY THE

UNITED TRANSPORTATION UNION

	<u>Pages</u>
Mediation Agreement	1-27
Appendices (Rate Tables)	28-84
Index to Rate Tables - Page 28	
Letters	85-92
Exhibit A (Parties)	93-97

M E D I A T I O N A G R E E M E N T

THIS AGREEMENT, made this 27th day of January, 1972, by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof; and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGE INCREASES AND SPECIAL ADJUSTMENTS (FOR OTHERS THAN DINING CAR STEWARDS AND YARDMASTERS)

Section 1 - First General Wage Increase

(a) Effective April 1, 1971, after application of the increases of 5.0% effective January 1, 1970 and 32¢ per hour effective November 1, 1970 under Public Law 91-541, all standard basic daily and mileage rates of pay of employees represented by the UTU in effect on March 31, 1971 shall be increased by an amount equal to 4.0%.

(b) In computing the increases for enginemmen under paragraph (a) above, the standard basic daily rates of pay, and the standard mileage rates of pay, respectively, in effect on December 31, 1969 applicable in the following weight-on-drivers brackets:

Passenger - 600,000 and less than 650,000 pounds
 Freight - 950,000 and less than 1,000,000 pounds
 (through freight rates)
 Yard Engineers - Less than 500,000 pounds
 Yard Firemen - 250,000 and less than 300,000 pounds
 (separate computations covering five-day
 rates and other than five-day rates)

shall each first be increased by 5.0%, and shall next be increased by the equivalent of \$2.56 per basic day, and then the rates as so increased shall be further increased by 4.0%. The sum of the three increases so produced shall be added to each standard basic daily or mileage rate of pay in effect on December 31, 1969.

(c) The standard basic daily and mileage rates of pay produced by application of the increases provided for in this Section 1 are set forth in Appendix 1, which is a part of this Agreement.

Section 2 - Second General Wage Increase

(a) Effective October 1, 1971, all standard basic daily and mileage rates of pay of employees represented by the UTU in effect on September 30, 1971, shall be increased by an amount equal to 5.0%.

- 2 -

(b) In computing the percentage increases for enginemen under paragraph (a) above, 5.0% shall be applied to the standard basic daily and mileage rates of pay applicable in the following weight-on-drivers brackets, and the amounts so produced shall be added to each standard basic daily or mileage rate of pay:

Passenger - 600,000 and less than 650,000 pounds
 Freight - 950,000 and less than 1,000,000 pounds
 (through freight rates)
 Yard Engineers - Less than 500,000 pounds
 Yard Firemen - 250,000 and less than 300,000 pounds
 (separate computations covering five-day
 rates and other than five-day rates)

(c) The standard basic daily and mileage rates of pay produced by application of the increase provided for in this Section 2 are set forth in Appendix 2, which is a part of this Agreement.

Section 3 - Special Adjustments for Road Engineers, Road Firemen and Road Conductors

(a) Effective January 27, 1972, all standard basic daily and mileage rates of pay of road engineers and road firemen produced by the application of Section 2 hereof shall be adjusted to the respective rates set forth in Appendix 3, which is a part of this Agreement.

(b) Effective January 27, 1972, all standard basic daily and mileage rates of pay of road conductors represented by the former Brotherhood of Railroad Trainmen shall be adjusted to the respective rates applicable to road conductors represented by the former Order of Railway Conductors and Brakemen, except that the differential between BRT rates applicable in the East and Southeast and those applicable in the West shall be preserved. The standard basic daily and mileage rates of pay produced by application of the special adjustment provided for in this Section 3(b) are set forth in Appendix 3, which is a part of this Agreement.

Section 4 - Third General Wage Increase

Effective April 1, 1972, all standard basic daily and mileage rates of pay of employees represented by the UTU in effect on March 31, 1972, shall be increased by an amount equal to 5.0%, computed and applied for enginemen in the same manner as the second general wage increase provided under Section 2 above. The standard basic daily and mileage rates of pay produced by application of this increase are set forth in Appendix 4, which is a part of this Agreement.

Section 5 - Fourth General Wage Increase

Effective October 1, 1972, all standard basic daily and mileage rates of pay of employees represented by the UTU in effect on September 30, 1972, shall be increased by an amount equal to 5.0%, computed and applied for enginemen in the same manner as the second general wage increase provided under Section 2 above. The standard basic daily and mileage rates of pay produced by application of this increase are set forth in Appendix 5, which is a part of this Agreement.

Section 6 - Fifth General Wage Increase

Effective January 1, 1973, all standard basic daily and mileage rates of pay of employees represented by the UTU in effect on December 31, 1972, shall be increased by the equivalent of 15c per hour or \$1.20 per basic day. The standard basic daily and mileage rates of pay produced by application of this increase and the special adjustment provided for in Section 7 are set forth in Appendix 6, which is a part of this Agreement.

Section 7 - Special Adjustment - Groundmen Without a Mileage Component in Their Assignments, Who are Therefore Paid on a Daily Basis

Effective January 1, 1973, after application of the increase provided for in Section 6 above, standard basic daily rates of pay of yard conductors (foremen), yard brakemen (helpers), and switchtenders, and daily rates of freight conductors, brakemen and flagmen who are without a mileage component in their assignments and are therefore paid on a daily basis, shall be increased by an additional \$1.00. The standard basic daily rates of pay produced by the application of the increase provided for in Section 6 and this special adjustment are set forth in Appendix 6, which is a part of this Agreement.

Section 8 - Sixth General Wage Increase

Effective April 1, 1973, all standard basic daily and mileage rates of pay of employees represented by the UTU in effect on March 31, 1973, shall be increased by the equivalent of 10c per hour or 80c per basic day. The standard basic daily and mileage rates of pay produced by application of this increase are set forth in Appendix 7, which is a part of this Agreement.

Section 9 - Application of Wage Increases

(a) (i) In engine service, all arbitraries, miscellaneous rates or special allowances, based upon mileage, hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be increased commensurately with the wage increases provided for in this Article I.

(ii) In train and yard ground service, arbitraries, miscellaneous rates or special allowances, including those expressed in terms of miles, as provided in the schedules or wage agreements, shall be increased under this Agreement in the same manner as heretofore increased under previous wage agreements.

(b) In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.

(c) Daily earnings minima shall be increased by the amount of the respective daily increases.

- 4 -

(d) Standard monthly rates and money monthly guarantees in passenger train service shall be thirty times the new standard daily rates. Other than standard monthly rates and money monthly guarantees shall be so adjusted that differentials existing as of December 31, 1969 shall be preserved.

(e) Existing monthly rates and money monthly guarantees applicable in train service other than passenger will be increased in the same proportion as the daily rate for the class of service involved is increased.

(f) Existing money differentials above existing standard daily rates shall be maintained.

(g) In local freight service, the same differential in excess of through freight rates shall be maintained.

(h) The differential of \$4.00 per basic day in freight and yard service, and 4¢ per mile for miles in excess of 100 in freight service, will be maintained for engineers working without firemen, the firemen's position having been eliminated pursuant to the provisions of Award 282.

(i) In computing the increases in rates of pay effective April 1, 1971 under Section 1 for firemen, conductors, brakemen and flagmen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of 100 miles or less which are therefore paid on a daily basis without a mileage component, whose rates had been increased by "an additional \$.40" effective July 1, 1968, the 4% increase shall be applied to daily rates in effect March 31, 1971 exclusive of car scale additives, local freight differentials, and any other money differential above existing standard daily rates. For firemen, the rates applicable in the weight-on-drivers bracket 950,000 and less than 1,000,000 pounds shall be utilized in computing the amount of increase. The same procedure shall be followed in applying the increases of 5.0% effective October 1, 1971, April 1, 1972 and October 1, 1972, respectively. The rates produced by application of the standard local freight differentials and the above-referred-to special increase of "an additional \$.40" to standard basic through freight rates of pay are set forth in Appendices 1 through 7.

Note: For firemen, daily rates effective April 1, 1971 shall be determined by adding to each daily rate in effect on December 31, 1969 the Public Law 91-541 increases of 5% and \$2.56 per day and the April 1, 1971 increase of 4%, computing such increases on the rate applicable in the weight-on-drivers bracket 950,000 and less than 1,000,000 pounds exclusive of the local freight differential and any other money differential above standard daily rates.

(j) Other than standard rates:

(i) Existing basic daily and mileage rates of pay other than standard shall be increased, effective as of the effective dates specified in Sections 1 through 8 hereof, by the same respective percentages and amounts as set forth therein, computed and applied in the same manner; except that the special adjustment for road engineers and firemen provided in Section 3 hereof shall not serve to increase other-than-standard rates of pay of engineers and firemen in road service which already include the equivalent of the adjustment provided in Section 3.

-5-

(ii) The differential of \$4.00 per basic day in freight and yard service, and 4¢ per mile for miles in excess of 100 in freight service, will be maintained for engineers working without firemen, the firemen's position having been eliminated pursuant to the provisions of Award 282.

(iii) Daily rates of pay, other than standard, of firemen, conductors, brakemen and flagmen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of 100 miles or less which are therefore paid on a daily basis without a mileage component, shall be increased by 4.0% effective April 1, 1971 and by 5.0% effective October 1, 1971, April 1, 1972, and October 1, 1972, computed and applied in the same manner as provided in paragraph (i) above.

(k) Coverage -

All employees who had an employment relationship after December 31, 1969, shall receive the amounts to which they are entitled under this Article I regardless of whether they are now in the employ of the carrier except persons who prior to the date of this Agreement have voluntarily left the service of the carrier other than to retire or who have failed to respond to call-back to service to which they were obligated to respond under applicable rules agreements. Should any claims arise from persons coming under the exception, they must be filed with the carrier within 90 days of the date of this Agreement, in which case they will be disposed of in accordance with this Agreement without cost to the UTU.

ARTICLE II - WAGE INCREASES FOR DINING CAR STEWARDS AND YARDMASTERS

Effective April 1, 1971, after application of the increases of 5.0% effective January 1, 1970 and 3¢ per hour effective November 1, 1970 under Public Law 91-541, all basic monthly rates of pay of dining car stewards and yardmasters represented by the UTU in effect on March 31, 1971 shall be increased by 4.0%.

The rates produced by such increase shall be further increased as follows:

Effective October 1, 1971 - 5.0%
 Effective April 1, 1972 - 5.0%
 Effective October 1, 1972 - 5.0%
 Effective January 1, 1973 -
 Dining car stewards - \$27.00 per month
 Yardmasters - \$30.00 per month
 Effective April 1, 1973 -
 Dining car stewards - \$18.00 per month
 Yardmasters - \$20.00 per month

This Article II is subject to the provisions of Section 9(k) - Coverage - of Article I of this Agreement.

ARTICLE III - VACATIONS

Insofar as applicable to employees represented by the United Transportation Union, the Vacation Agreement dated April 29, 1949, as amended, is further amended effective January 1, 1973, by substituting the following Section 1 for Section 1 as previously amended, substituting the following Section 2 for Section 2 as previously amended, and substituting the following Section 9 for Section 9 as previously amended:

Section 1 (a) - Effective January 1, 1973, each employee, subject to the scope of schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, will be qualified for an annual vacation of one week with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for, as provided in individual schedules.

Beginning with the effective date of the provisions of Article 3 of Agreement "A" dated September 25, 1950, May 25, 1951 or May 23, 1952, on an individual carrier, but not earlier than the year 1960, in the application of this Section 1(a) each basic day in yard service performed by a yard service employee or by an employee having interchangeable road and yard rights shall be computed as 1.3 days, and each basic day in all other services shall be computed as 1.1 days, for purposes of determining qualifications for vacations. (This is the equivalent of 120 qualifying days in a calendar year in yard service and 144 qualifying days in calendar year in road service.) (See NOTE below.)

Beginning with the year 1960 on all other carriers, in the application of this Section 1(a) each basic day in all classes of service shall be computed as 1.1 days for purposes of determining qualifications for vacation. (This is the equivalent of 144 qualifying days.) (See NOTE below.)

(b) - Effective January 1, 1973, each employee, subject to the scope of schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, having two or more years of continuous service with employing carrier will be qualified for an annual vacation of two weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for as provided in individual schedules and during the said two or more years of continuous service renders service of not less than three hundred twenty (320) basic days in miles or hours paid for as provided in individual schedules.

Beginning with the effective date of the provisions of Article 3 of Agreement "A" dated September 25, 1950, May 25, 1951 or May 23, 1952, on an individual carrier, but not earlier than the year 1960, in the application of this Section 1(b) each basic day in yard service performed by a yard service employee or by an employee having interchangeable road and yard rights shall be computed as 1.4 days, and each basic day in all other services shall be computed as 1.2 days, for purposes of determining qualifications for vacations. (This is the equivalent of 110 qualifying days in a calendar year in yard service and 132 qualifying days in calendar year in road service.) (See NOTE below.)

- 7 -

Beginning with the year 1960 on all other carriers, in the application of this Section 1(b) each basic day in all classes of service shall be computed as 1.2 days for purposes of determining qualifications for vacation. (This is the equivalent of 132 qualifying days.) (See NOTE below.)

(c) - Effective January 1, 1973, each employee, subject to the scope of schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, having ten or more years of continuous service with employing carrier will be qualified for an annual vacation of three weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for as provided in individual schedules and during the said ten or more years of continuous service renders service of not less than sixteen hundred (1600) basic days in miles or hours paid for as provided in individual schedules.

Beginning with the effective date of the provisions of Article 3 of Agreement "A" dated September 25, 1950, May 25, 1951 or May 23, 1952, on an individual carrier, but not earlier than the year 1960, in the application of this Section 1(c) each basic day in yard service performed by a yard service employee or by an employee having interchangeable road and yard rights shall be computed as 1.6 days, and each basic day in all other services shall be computed as 1.3 days, for purposes of determining qualifications for vacations. (This is the equivalent of 100 qualifying days in a calendar year in yard service and 120 qualifying days in a calendar year in road service.) (See NOTE below.)

Beginning with the year 1960 on all other carriers, in the application of this Section 1(c) each basic day in all classes of service shall be computed as 1.3 days for purposes of determining qualifications for vacation. (This is the equivalent of 120 qualifying days.) (See NOTE below.)

(d) - Effective January 1, 1973, each employee, subject to the scope of schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, having twenty or more years of continuous service with employing carrier will be qualified for an annual vacation of four weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for as provided in individual schedules and during the said twenty or more years of continuous service renders service of not less than thirty-two hundred (3200) basic days in miles or hours paid for as provided in individual schedules.

Beginning with the effective date of the provisions of Article 3 of Agreement "A" dated September 25, 1950, May 25, 1951 or May 23, 1952, on an individual carrier, but not earlier than the year 1960, in the application of this Section 1(d) each basic day in yard service performed by a yard service employee or by an employee having interchangeable road and yard rights shall be computed as 1.6 days, and each basic day in all other services shall be computed as 1.3 days, for purposes of determining qualifications for vacations. (This is the equivalent of 100 qualifying days in a calendar year in yard service and 120 qualifying days in a calendar year in road service.) (See NOTE below.)

- 8 -

Beginning with the year 1960 on all other carriers, in the application of this Section 1(d) each basic day in all classes of service shall be computed as 1.3 days for purposes of determining qualifications for vacation. (This is the equivalent of 120 qualifying days.) (See NOTE below.)

(e) - Effective January 1, 1973, each employee, subject to the scope of schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, having twenty-five or more years of continuous service with employing carrier will be qualified for an annual vacation of five weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for as provided in individual schedules and during the said twenty-five or more years of continuous service renders service of not less than four thousand (4,000) basic days in miles or hours paid for as provided in individual schedules.

Beginning with the effective date of the provisions of Article 3 of Agreement "A" dated September 25, 1950, May 25, 1951 or May 23, 1952, on an individual carrier, but not earlier than the year 1960, in the application of this Section 1(e) each basic day in yard service performed by a yard service employee or by an employee having interchangeable road and yard rights shall be computed as 1.6 days, and each basic day in all other services shall be computed as 1.3 days, for purposes of determining qualifications for vacations. (This is the equivalent of 100 qualifying days in a calendar year in yard service and 120 qualifying days in a calendar year in road service.) (See NOTE below.)

Beginning with the year 1960 on all other carriers, in the application of this Section 1(e) each basic day in all classes of service shall be computed as 1.3 days for purposes of determining qualifications for vacation. (This is the equivalent of 120 qualifying days.) (See NOTE below.)

NOTE: - In the application of Section 1(a), (b), (c), (d) and (e), qualifying years accumulated, also qualifying requirements for years accumulated, prior to the effective date of the respective provisions hereof, for extended vacations shall not be changed.

(3) - In dining car service, for service performed on and after July 1, 1949 - each $1\frac{1}{2}$ hours paid for shall be considered the equivalent of one basic day in the application of Section 1(a), (b), (c), (d) and (e).

(3) - Calendar days on which an employee assigned to an extra list is available for service and on which days he performs no service, not exceeding sixty (60) such days, will be included in the determination of qualification for vacation; also, calendar days, not in excess of thirty (30), on which an employee is absent from and unable to perform service because of injury received on duty will be included.

The 60 and 30 calendar days referred to in this Section 1(g) shall not be subject to the 1.1, 1.2, 1.3, 1.4 and 1.6 computations provided for in Section 1(a), (b), (c), (d) and (e), respectively.

- 9 -

(h) - Where an employee is discharged from service and thereafter restored to service during the same calendar year with seniority unimpaired, service performed prior to discharge and subsequent to reinstatement during that year shall be included in the determination of qualification for vacation during the following year.

Where an employee is discharged from service and thereafter restored to service with seniority unimpaired, service before and after such discharge and restoration shall be included in computing three hundred twenty (320) basic days under Section 1(b), sixteen hundred (1600) basic days under Section 1(c), thirty-two hundred (3200) basic days under Section 1(d), and four thousand (4,000) basic days under Section 1(e).

(i) - Only service performed on one railroad may be combined in determining the qualifications provided for in this Section 1, except that service of an employee on his home road may be combined with service performed on other roads when the latter service is performed at the direction of the management of his home road or by virtue of the employee's seniority on his home road. Such service will not operate to relieve the home road of its responsibility under this agreement.

(j) - In instances where employees who have become members of the Armed Forces of the United States return to the service of the employing carrier in accordance with the Military Selective Service Act of 1967, as amended, the time spent by such employees in the Armed Forces subsequent to their employment by the employing carrier will be credited as qualifying service in determining the length of vacations for which they may qualify upon their return to the service of the employing carrier.

(k) - In instances where an employee who has become a member of the Armed Forces of the United States returns to the service of the employing carrier in accordance with the Military Selective Service Act of 1967 as amended, and in the calendar year preceding his return to railroad service had rendered no compensated service or had rendered compensated service on fewer days than are required to qualify for a vacation in the calendar year of his return to railroad service, but could qualify for a vacation in the year of his return to railroad service if he had combined for qualifying purposes days on which he was in railroad service in such preceding calendar year with days in such year on which he was in the Armed Forces, he will be granted, in the calendar year of his return to railroad service, a vacation of such length as he could so qualify for under Section 1(a), (b), (c), (d) or (e) and (j) hereof.

(L) - In instances where an employee who has become a member of the Armed Forces of the United States returns to the service of the employing carrier in accordance with the Military Selective Service Act of 1967, as amended, and in the calendar year of his return to railroad service renders compensated service on fewer days than are required to qualify for a vacation in the following calendar year, but could qualify for a vacation in such following calendar year if he had combined for qualifying purposes days on which he was in railroad service in the year of his return with days in such year on which he was in the Armed Forces, he will be granted, in such following calendar year, a vacation of such length as he could so qualify for under Section 1 (a), (b), (c), (d) or (e) and (j) hereof.

Section 2 - Employees qualified under Section 1 hereof shall be paid for their vacations as follows:

- 10 -

General

(a) - An employee receiving a vacation, or pay in lieu thereof, under Section 1 shall be paid for each week of such vacation 1/52 of the compensation earned by such employee under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, on the carrier on which he qualified under Section 1 (or carriers in case he qualified on more than one carrier under Section 1 (i)) during the calendar year preceding the year in which the vacation is taken, but in no event shall such pay for each week of vacation be less than six (6) minimum basic days' pay at the rate of the last service rendered, except as provided in subparagraph (b).

(b) - Beginning on the date Agreement "A" dated September 25, 1950, May 25, 1951 or May 23, 1952, became or becomes effective on any carrier, the following shall apply insofar as yard service employees and employees having interchangeable yard and road rights covered by said agreement, who are represented by the United Transportation Union, are concerned:

Yard Service

(1) An employee receiving a vacation, or pay in lieu thereof, under Section 1 shall be paid for each week of such vacation 1/52 of the compensation earned by such employee under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, on the carrier on which he qualified under Section 1 (or carriers in case he qualified on more than one carrier under Section 1 (i)) during the calendar year preceding the year in which the vacation is taken, but in no event shall such pay for each week of vacation be less than five (5) minimum basic days' pay at the rate of the last service rendered.

Combination of Yard and Road Service

(2) An employee having interchangeable yard and road rights receiving a vacation, or pay in lieu thereof, under Section 1 shall be paid for each week of such vacation 1/52 of the compensation earned by such employee under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, on the carrier on which he qualified under Section 1 (or carriers in case he qualified on more than one carrier under Section 1 (i)) during the calendar year preceding the year in which the vacation is taken; provided that, if the vacation is taken during the time such employee is working in road service such pay for each week of vacation shall be not less than six (6) minimum basic days' pay at the rate of the last road service rendered, and if the vacation is taken during the time such employee is working in yard service such pay for each week of vacation shall be not less than five (5) minimum basic days' pay at the rate of the last yard service rendered.

- 11 -

Note: Section 2(b) applicable to yard service shall apply to yard, belt line and transfer service and combinations thereof, and to hostling service.

Section 9 - The terms of this agreement shall not be construed to deprive any employee of such additional vacation days as he may be entitled to receive under any existing rule, understanding or custom, which additional vacation days shall be accorded under and in accordance with the terms of such existing rule, understanding or custom. With respect to yard service employees, and with respect to any yard service employee having interchangeable yard and road rights who receives a vacation in yard service, such additional vacation days shall be reduced by 1/6th.

ARTICLE IV - HOLIDAYS

Effective January 1, 1973, the existing rule covering pay for holidays, set forth in Article I of the Agreement of June 25, 1964, as amended, is hereby amended to designate Veterans Day as a ninth paid holiday and to add it to the list of enumerated holidays now provided in such Agreement, as amended.

ARTICLE V - JURY DUTY

When an employee is summoned for jury duty and is required to lose time from his assignment as a result thereof, he shall be paid for actual time lost with a maximum of a basic day's pay at the straight time rate of his position for each calendar day lost less the amount allowed him for jury service for each such day, excepting allowances paid by the court for meals, lodging or transportation, subject to the following qualification requirements and limitations:

- (1) An employee must exercise any right to secure exemption from the summons and/or jury service under federal, state or municipal statute and will be excused from duty when necessary without loss of pay to apply for the exemption.
- (2) An employee must furnish the carrier with a statement from the court of jury allowances paid and the days on which jury duty was performed.
- (3) The number of days for which jury duty pay shall be paid is limited to a maximum of 60 days in any calendar year.
- (4) No jury duty pay will be allowed for any day as to which the employee is entitled to vacation or holiday pay.

This rule shall become effective January 1, 1973.

ARTICLE VI - SWITCHING LIMITS

Existing agreements are amended to read as follows:

The employees involved, and the carriers represented by the National Carriers' Conference Committee, being desirous of cooperating in order to meet conditions on the various properties to the end that efficient and adequate switching service may be provided and industrial development facilitated, adopt the following:

Section 1. Except as provided in Section 2 hereof, where an individual carrier not now having the right to change existing switching limits where yard crews are employed, considers it advisable to change the same, it shall give notice in writing to the General Chairman or General Chairmen of such intention, whereupon the carrier and the General Chairman or General Chairmen shall, within 30 days, endeavor to negotiate an understanding.

In the event the carrier and the General Chairman or General Chairmen cannot agree on the matter, the dispute shall be submitted to arbitration as provided for in the Railway Labor Act, as amended, within 60 days following date of last conference. The decision of the Arbitration Board will be made within 30 days thereafter. The award of the Board shall be final and binding on the parties and shall become effective thereafter upon seven days' notice by the carrier.

Section 2. Where, after the effective dates of the 1951 and 1952 Agreements, an industry locates outside of switching limits at points where yard crews are employed, the carrier may provide switching service to such industries with yardmen without additional compensation or penalties therefor to yard or road men, provided the switches governing movements from the main track to the track or tracks serving such industries are located at a point not to exceed four miles from the switching limits in effect as of the date of this Agreement. Other industries located between such switching limits and such new industries may also be served by yardmen without additional compensation or penalties therefor to road or yard men. Where rules require that yard limits and switching limits be the same, the yard limit board may be moved for operating purposes but switching limits shall remain unchanged unless and until changed in accordance with rules governing changes in switching limits.

The yard conductor (foreman) or yard conductors (foremen) involved shall keep account of and report to the carrier daily on form provided the actual time consumed by the yard crew or crews outside of the switching limits in serving the industry in accordance with this Section 2 and a statement of such time shall be furnished the General Chairman or General Chairmen representing yard and road crews by the carrier each month. Unless some other plan for equalization of time is agreed to by the General Chairman or General Chairmen representing yard and road crews, the carrier shall periodically advertise to road service employees the opportunity to work in yard service, under yard rules and conditions, on assignments as may be mutually agreed upon by the local representatives of the employees involved, for a period of time sufficient to offset the time so consumed by yard crews outside the switching limits. In the event such local representatives fail to agree, the carrier will designate such assignments but shall not be subject to penalty claims because of doing so. Such equalization of time shall be apportioned among employees holding seniority as road conductors or road brakemen in the same ratio as the accumulated hours of yard conductors (foremen) and yard brakemen (helpers).

- 13 -

In the event no road employee elects to bid on the accumulated equalizing hours within the bulletined period such accumulation of equalizing hours will be considered forfeited and a new accumulating period shall commence.

Section 3. This Agreement shall in no way affect the changing of yard or switching limits at points where no yard crews are employed.

Section 4. The foregoing is not intended to amend or change existing agreements involving predominantly full-time switching service performed solely by road crews at industrial parks located within the 4-mile limit referred to in Section 2 hereof that have been negotiated on individual properties since the National Agreements of 1951 and 1952.

- - -

This rule shall become effective 15 days after the date of this Agreement except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before such effective date.

ARTICLE VII - INTERCHANGE

Section 1. At points where yard crews are employed, road freight crews may be required to receive their over-the-road trains from a connecting carrier or deliver their over-the-road trains to a connecting carrier provided such trains are solid trains which move from one carrier to another intact with or without motive power and/or caboose.

Section 2. If road crews referred to in Section 1 of this Article VII are not required to return or deliver their motive power and/or their cabooses to or from their on or off duty points an alternate means of transportation will be provided.

Section 3. At designated interchange points, if a carrier does not now have the right to specify additional interchange tracks it may specify such additional track or tracks as the carrier deems necessary providing such additional track or tracks are in close proximity. Bulletins specifying additional tracks will be furnished the General Chairman or General Chairmen involved prior to the effective date.

Section 4. If the number of cars being delivered to or received from interchange tracks of a connecting carrier exceeds the capacity of the first track used, it will not be necessary that any one interchange track be filled to capacity before use is made of an additional track or tracks provided, however, the minimum number of tracks necessary to hold the interchange will be used.

Section 5. Crews used in interchange service may be required to handle interchange to and from a foreign carrier without being required to run "light" in either direction.

Work equities between carriers previously established by agreement, decision or practice will be maintained with the understanding that such equity arrangements will not prevent carriers from requiring crews to handle cars in both directions when making interchange movements. Where carriers not now using yard and transfer crews to transfer cars in both directions desire to do so, they may commence such service and notify the General Committees of the railroad involved thereof to provide an opportunity to the General Committees to resolve any work equities between the employees of the carriers involved. Resolution of work

- 14 -

equities shall not interfere with the operations of the carriers or create additional expense to the carriers. It is agreed, however, that the carriers will cooperate in providing the committees involved with data and other information that will assist in resolution of work equities.

Section 6. The foregoing provisions are not intended to impose restrictions with respect to interchange operation where restrictions did not exist prior to the date of this Agreement.

- - -

This rule shall become effective 15 days after the date of this Agreement except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before such effective date.

ARTICLE VIII - USE OF COMMUNICATION SYSTEMS

Section 1. It is recognized that the use of communication systems including the use of and the carrying of portable radios, pursuant to operating rules of the individual carriers, is a part of the duties of employees covered by this Agreement. Existing rules to the contrary are hereby eliminated.

Section 2. On roads where rules now exist which provide for the payment of arbitrators to employees for the carrying and/or use of radio equipment, such arbitrators will be eliminated effective January 1, 1973.

Section 3. Portable radios hereafter purchased for the use of and carried by ground service employees in yard and transfer service will not exceed three pounds in weight and will be equipped with a suitable holder which will firmly hold the radio close to the body, or will be of such size as to permit being placed in coat or trouser pockets. Portable radios used by ground service employees in yard and transfer service which do not meet the foregoing specifications will be replaced by December 31, 1973 or their use discontinued.

Section 4. The size and weight of portable radios used by ground service employees in road service will not exceed that presently in use and portable radios hereafter purchased for use in this class of service will be of the minimum size and weight necessary to insure safe and adequate communication. This is not intended to require the purchase of radios weighing less than three pounds.

Section 5. Employees will not be held responsible for accidents caused by failure of radio equipment to properly function.

Section 6. At locations where radio is used sufficient frequency channels will be utilized to provide safe communication.

ARTICLE IX - ROAD-YARD MOVEMENTS

Section 1. Road freight crews may be required at any point where yard crews are employed to do any of the following as part of the road trip, paid for as such without any additional compensation and without penalty payments to yard crews, hostlers, etc.: one straight pick up at another yard in the initial terminal (in

addition to picking up train) and one straight set out at another yard in the final terminal (in addition to yarding the train); pick up and/or set out at each intermediate point between terminals; switch out defective cars from their own trains regardless of when discovered; handle engines to and from train to ready track and engine house including all units coupled and connected in multiple; pick up and set out cars of their trains from or to the minimum number of tracks which could hold the cars provided, however, that where it is necessary to use two or more tracks to hold the train it is not required that any track be filled to capacity; and exchange engine of its own train.

Section 2. The foregoing is not intended to impose restrictions with respect to any operation where restrictions did not exist prior to the date of this Agreement. There will be no change in work permitted or compensation paid to combination assignments, such as mine runs, tabulated assignments, etc.

- - -

This rule shall become effective 15 days after the date of this Agreement except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before such effective date.

ARTICLE X - COMBINING ROAD AND YARD SENIORITY

Seniority rosters of trainmen and yardmen shall be combined on a topped and bottomed basis. Where two or more existing yard seniority rosters are to be combined with an existing road seniority roster such yard rosters will be dovetailed with yardmen maintaining prior rights in their respective yards prior to being topped and bottomed with the road roster. All men on the combined seniority rosters shall have rights to both road and yard assignments. Existing road service men shall have prior rights to road assignments and existing yard service men shall have prior rights to yard service assignments.

All employees hired after the date of the combination of the seniority rosters shall establish joint road and yard seniority.

ARTICLE XI - EXPENSES AWAY FROM HOME

Section 1. Effective on the date of this Agreement, Article II (Expenses Away From Home) of the June 25, 1964 Agreement is amended to cover men in train, engine or yard service called from the extra board or used in the capacity of an extra man to fill vacancies at outlying points subject to the following additional conditions:

- (a) The outlying point must be 30 miles or more from the terminal limits of the location where the extra list from which called is maintained.
- (b) Lodging or allowances in lieu thereof where applicable will be provided only when extra men are held at the outlying point for more than one tour of duty and will continue to be provided for the periods held for each subsequent tour of duty.

Section 2. Effective 15 days after the date of this Agreement the meal allowance provided for in Article II, Section 2 of the June 25, 1964 National Agreement is increased from \$1.50 to \$2.00, and an additional \$2.00 meal allowance will be provided after being held an additional 8 hours.

ARTICLE XII - INTERDIVISIONAL SERVICE

NOTE: As used in this Agreement, the term interdivisional service includes interdivisional, interseniority district, intradivisional and/or intraseniority district service.

An individual carrier may establish interdivisional, interseniority district, intradivisional or intraseniority district service, in freight or passenger service, subject to the following procedure.

Section 1. With respect to runs which do not operate through a home terminal or home terminals of previously existing runs which are to be extended the carriers may proceed as follows:

- (a) A letter of intent setting forth the particulars of the service to be established will be served on the organization, provided that not more than 2 such letters of intent are permitted to be pending concurrently and that each letter of intent may involve no more than 3 separate proposed operations.
- (b) A meeting will be held within ten days of the date of the letter of intent, attended by representatives of the Railway Company and the General Committee or Committees, and a "Task Force" will be appointed for the purpose of meeting and discussing the details of operation of the runs specified in the carrier's letter of intent, and reach an agreement if possible. The Railway Company and the General Chairman or General Chairmen may each designate representatives to serve on the "Task Force."
- (c) During a period of 30 days following the date of the letter of intent the Task Force will discuss the details of operation and working conditions of the proposed runs but if the parties are unable to agree, at the end of the 30-day period the run or runs will be operated on a trial basis until completion of the procedures referred to in paragraphs (e) and (f).
- (d) Subsequent to the 30-day period in which the operation is discussed by the Task Force, the assignments will be placed in effect and operated by the carrier on the basis of working conditions referred to in Section 3 for a test period of 60 days.
- (e) At the end of the 60-day test period referred to in paragraph (d) the parties will hold conferences for the purpose of negotiating an agreement to cover the operation of the interdivisional assignments.

-17-

- (f) If the parties have not reached agreement within 30 days following the 60-day test period, the matter will be submitted to the ranking labor relations officer of the Railway Company and a vice president of the UTU for disposition. If not disposed of within 30 days by them, the matter will be submitted to arbitration for final and binding decision in accordance with the the Railway Labor Act. Decision of the Arbitration Board will be made within 180 days after the date of the letter of intent referred to in paragraph (a).

Section 2. With respect to runs which an individual carrier proposes to operate through a home terminal or home terminals of the run or runs it proposes to extend pursuant to this Article, the following procedures will be followed:

- (a) The carrier may serve notice of intent to establish a rule under which such runs may be established. Within 10 days of receipt of such notice by the organization, its authorized representatives and those of the carrier shall meet for the purpose of establishing conditions, consistent with the minimum requirements of Section 3 of this article, to be included in such a rule. If agreement is not reached by those representatives within 90 days of the notice of intent, the matter will be referred to a Task Force for final and binding determination of such conditions.

The Task Force shall consist of 1 member to be appointed by the management of the individual carrier, 1 member appointed by the organization and 1 neutral member to be appointed by the National Mediation Board. The decision of this Task Force prescribing the conditions under which such runs may be established consistent with the minimum requirements of Section 3 of this Article shall be made within 180 days of this notice of intent.

In its decision the Task Force shall include among other matters decided the provisions set forth in Article XIII of this Agreement for protection of employees adversely affected as a result of the discontinuance of any existing runs or the establishment of new runs resulting from application of this rule, and in addition may give consideration to whether or not such rule should contain a provision that special allowances to home owners should be included because of moving to comparable housing in a higher cost real estate area.

-18-

- (b) Upon establishment of the rule provided for in paragraph (a) above the carrier may serve a letter of intent on each affected General Chairman of its intention to establish such runs. The carrier may have no more than 2 letters of intent pending concurrently and each letter of intent may involve no more than 3 proposed operations. Within ten days of the date of the letters of intent provided for herein the authorized representatives of the carrier and the organization will appoint a Task Force to discuss and agree upon the details of operation and working conditions of the proposed run or runs, but if the parties are unable to agree within 30 days of the date of the letter of intent, the matter will be submitted to arbitration for final and binding decision in accordance with the Railway Labor Act. The decision of the Arbitration Board will be made within 60 days of each letter of intent provided for herein.

Section 3. Reasonable and practical conditions shall govern the establishment of the runs described above including but not limited to the following:

- (a) All miles run over 100 shall be paid for at the mileage rate established by the basic rate of pay for the first 100 miles or less.
- (b) When crews are required to report for duty or are relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the carrier shall authorize and provide suitable transportation for the crews.
- (c) Crews will be allowed a \$2.00 meal allowance after 4 hours at the away-from-home terminal and another \$2.00 allowance after being held an additional 8 hours.
- (d) In order to expedite the movement of interdivisional runs, crews on runs of 100 miles or less will not stop to eat except in cases of emergency or unusual delays. For crews on runs of more than 100 miles, the carrier shall determine the conditions under which such crews may stop to eat. When crews on runs of more than 100 miles are not permitted to stop to eat, members of such crews shall be paid an allowance of \$1.50 for the trip.

Section 4. Interdivisional, interseniority district, intradivisional or intra-seniority district service in effect on the date of this Agreement is not affected by this rule.

Section 5. The foregoing provisions are not intended to impose restrictions with respect to establishing interdivisional, interseniority district, intradivisional or intraseniority district service where restrictions did not exist prior to the date of this Agreement.

- - - - -

This Article shall become effective 15 days after the date of this Agreement except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before such effective date.

ARTICLE XIII - PROTECTION OF EMPLOYEES

The scope and purpose of this Article XIII are to provide, to the extent specified herein, for fair and equitable arrangements to protect the interests of certain of the carriers' employees represented by the United Transportation Union who are adversely affected by the application of Article VII - Interchange, Article IX - Road-Yard Movements, and Article XII - Interdivisional Service of this Agreement; therefore, fluctuations and changes in volume or character of employment brought about by other causes are not within the purview of this Article.

Section 1. Definitions.

Wherever used in this Article, unless the context requires otherwise:

- (a) "Implementation" means the application and implementation of the provisions of Article VII - Interchange, Article IX - Road-Yard Movements, or Article XII - Interdivisional Service of this Agreement.
- (b) "Displaced Employee" means a carrier employee represented by the UTU who as a result of an Implementation is placed in a worse position with respect to his compensation.
- (c) "Dismissed Employee" means a carrier employee represented by the UTU who as a result of an Implementation is deprived of employment with the carrier because of the abolition of his position or the loss thereof as the result of the exercise of seniority rights by an employee whose position is abolished as a result of an Implementation.
- (d) "Protective Period" for employees covered by Section 2(a) of this Article means that period of time during which a Displaced or Dismissed Employee is to be provided protection hereunder. The Protective Period for such employee shall extend from the date he is displaced or dismissed for a period of time equal to the length of time which such employee has seniority in the craft or class at the time he is adversely affected. In no event, however, will the Protective Period extend beyond the employee's 65th birthday. Where an employee holds seniority as a conductor and brakeman or yardman or as an engineer and fireman, the earlier seniority date shall govern. In the event such a Displaced Employee elects to remain in the carrier's service after the first day of the month following the month he attains age 65, he will no longer receive any of the protective benefits of this Article XIII and the carrier may terminate on the same seniority district the protective benefits then being provided the junior Dismissed or Displaced Employee receiving protection under this Article on such seniority district on a one-for-one basis.
- (e) "Protective Period" for employees covered by Section 2(b) of this Article means the six-year period of time from the date such employee is dismissed but not to exceed the length of time which such employee has seniority in the craft or class at the time he is dismissed. Where an employee holds seniority as a conductor and brakeman or yardman or as an engineer and fireman, the earlier seniority date shall govern.

- 20 -

Section 2. Coverage.

(a) Subject to the other provisions of this Article, the protective benefits of Sections 3, 4, 5 and 6 of this Article XIII apply to:

- (1) Employees adversely affected directly or indirectly by an Implementation of Article XII - Interdivisional Service.
- (2) Regularly assigned employees assigned to yard crews that regularly spend more than 50 percent of their time in interchange work who are adversely affected as a result of an Implementation of the reciprocal interchange provisions of Section 5 of Article VII - Interchange. (Such employees will be determined by a joint check based upon the work performance of the involved yard crews for the 30 working days prior to the Implementation.)
- (3) Regularly assigned employees assigned to interchange or transfer crews adversely affected by the interchange of solid trains provision under Section 1 of Article VII - Interchange.
- (4) Employees of Terminal Companies adversely affected either directly or indirectly by the interchange of solid trains provision under Section 1 of Article VII - Interchange.

(b) Subject to the other provisions of this Article, the protective benefits provided in Sections 4 and 5 of this Article XIII will be accorded to any employee of the carrier adversely affected by Article VII - Interchange, other than those covered by subparagraphs (2) and (3) of Section 2(a) of this Article XIII, or Article IX - Road-Yard Movements.

(c) The protective provisions of this Section as applied to Terminal Company employees will include, in addition to the above, the exercise of seniority and acceptance of employment on the involved line-haul carriers, engine service employees being required to accept engine service employment and ground service employees being required to accept ground service employment. The involved line-haul carriers will make appropriate arrangements in connection with subparagraph (a)(4) of this Section and the foregoing.

Section 3. Displacement Allowance.

(a) So long during his Protective Period after a Displaced Employee's displacement as he is unable, in the normal exercise of his seniority rights under existing agreements, rules and practices, to obtain a position producing compensation equal to or exceeding the compensation he received in the position from which he was displaced, he shall be paid a monthly displacement allowance equal to the difference between the monthly compensation received by him in the position in which he is retained and the average monthly compensation received by him in the position from which he was displaced.

- 21 -

(b) Each Displaced Employee's displacement allowance shall be determined by dividing separately by 12 the total compensation received by the employee and the total time for which he was paid during the last 12 months in which he performed service immediately preceding the date of his displacement as a result of the Implementation (thereby producing average monthly compensation and average monthly time paid for in the test period). Both the above "total compensation" and the "total time for which he was paid" shall be adjusted to reflect the reduction on an annual basis, if any, which would have occurred during the specified twelve month period had Public Law 91-169, amending the Hours of Service Act of 1907, been in effect throughout such period (i.e., 14 hours limit for any allowance paid during the period between December 26, 1970 and December 25, 1972 and 12 hours limit for any allowances paid thereafter). Such allowance shall also be adjusted to reflect subsequent general wage increases. In the event a Displaced Employee shall have less than 12 months of service his total compensation and total time paid for shall be divided by the number of months in which he performed service.

(c) If a Displaced Employee's compensation in his retained position in any month is less in any month in which he performs work than the aforesaid average compensation (adjusted to reflect subsequent general wage increases) to which he would have been entitled, he shall be paid the difference, less compensation for time lost on account of his voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period but if in his retained position he works in any month in excess of the aforesaid average monthly time paid for during the test period he shall be additionally compensated for such excess time at the rate of pay of the retained position.

(d) If a Displaced Employee fails to exercise his seniority rights to secure another position available to him which does not require a change in his place of residence, to which he is entitled under the Schedule Agreement and which carries a rate of pay and compensation exceeding those of the position which he elects to retain, he shall thereafter be treated for the purposes of this section as occupying the position he elects to decline.

(e) The displacement allowance shall cease prior to the expiration of the Protective Period in the event of the Displaced Employee's resignation, death, retirement or dismissal for justifiable cause.

Section 4. "Dismissal Allowances."

(a) A Dismissed Employee shall be paid a monthly dismissal allowance, from the date he is deprived of employment and continuing during his protective period, equivalent to one-twelfth of the compensation received by him in the last 12 months of his employment in which he earned compensation prior to the date he is first deprived of employment as a result of the transaction. Such allowance shall be adjusted to reflect on an annual basis the reduction, if any, which would have occurred during the specified twelve month period had Public Law 91-169, amending the Hours of Service Act of 1907, been in effect throughout such period (i.e., 14 hours limit for any allowance paid during the period between December 26, 1970 and December 25, 1972 and 12 hours limit for any allowances paid thereafter). Such allowance shall also be

adjusted to reflect subsequent general wage increases. In the event a Dismissed Employee shall have less than 12 months of service his total compensation and total time paid for shall be divided by the number of months in which he performed service.

(b) The dismissal allowance of any Dismissed Employee who returns to service with the carrier shall cease while he is so reemployed. During the time of such reemployment, he shall be entitled to protection in accordance with the provisions of Section 3.

(c) The dismissal allowance of any Dismissed Employee shall be reduced to the extent that his combined monthly earnings in other employment, any benefits received under any unemployment insurance law, and his dismissal allowance exceed the amount upon which his dismissal allowance is based. Such employee, or his representative, and the carrier shall agree upon a procedure by which Railroad shall be currently informed of the earnings of such employee in employment other than with the carrier, and the benefits received.

(d) The dismissal allowance shall cease prior to the expiration of the protective period in the event of the employee's resignation, death, retirement, dismissal for justifiable cause under existing agreements, failure to return to service after being notified in accordance with the working agreement, or failure without good cause to accept a comparable position which does not require a change in his place of residence for which he is qualified and eligible with the carrier from which he was dismissed after being notified.

Section 5. Separation Allowance. A Dismissed Employee entitled to protection under this Article, may, at his option within 7 days of his dismissal, resign and (in lieu of all other benefits and protections provided in this Article) accept a lump sum payment computed in accordance with Section 9 of the Washington Job Protection Agreement of May, 1936.

Section 6. Fringe Benefits. No employee of a carrier who is affected by an Implementation shall be deprived during his Protective Period of benefits attached to his previous employment, such as free transportation, hospitalization, pensions, relief, et cetera, under the same conditions and so long as such benefits continue to be accorded to other employees of the carrier, in active service or on furlough as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorization which may be obtained.

Section 7. Seasonal Fluctuations and Declines in Business.

(a) In the event of a decline in a carrier's business measured by the net revenue ton-miles in any 30-day period compared with the net revenue ton-miles for the corresponding period in the preceding calendar year, the number of employees who are receiving dismissal or displacement allowances may be reduced at any time during the said payroll period to the extent of one percent for each one percent decline. Such reductions in protected employees shall be made in inverse seniority order. Upon restoration of a carrier's volume of net revenue ton-miles employees must be returned to their protective status to the extent of one percent for each one percent

rise in net revenue ton-miles. In the case of Terminal Companies, the decline in business shall be measured by the total number of loaded and empty cars received from and delivered to connecting carriers, including the number of loaded and empty cars handled in solid interchange trains, in any 30-day period compared with the volume of such interchange in the corresponding period in the preceding calendar year.

(b) In the event that an employee receiving a displacement allowance is subsequently placed in a worse position by reason of a seasonal fluctuation or a decline in business, so long as he continues in such position for that reason the amount paid him as his displacement allowance shall continue unchanged.

(c) In the event that a Displaced Employee is deprived of employment with the carrier as the result of a seasonal fluctuation or a decline in business, his dismissal allowance shall be the amount which was being paid him as his displacement allowance. An employee other than a Displaced Employee who is deprived of employment as the result of a seasonal fluctuation or a decline in business shall not be paid any protective benefits under this Article XIII.

Section 8. Arbitration of Disputes.

(a) In the event the carrier and the UTU are unable to settle any dispute or controversy with respect to the interpretation, application or enforcement of any provision of this Article within 20 days after the dispute arises, it may be referred by either party to an arbitration committee. Upon notice in writing served by one party on the other of intent by that party to refer a dispute or controversy to an arbitration committee, each party shall, within 10 days, select one member of the committee and the members thus chosen shall select a neutral member who shall serve as chairman. If any party fails to select its member of the arbitration committee within the prescribed time limit, the general chairman of the UTU or the highest officer designated by the carrier, as the case may be, shall be deemed the selected member, and the committee shall then function and its decision shall have the same force and effect as though all parties had selected their members. Should the members be unable to agree upon the appointment of the neutral member within 10 days, the parties shall then within an additional 10 days endeavor to agree upon a method by which a neutral member shall be appointed, and, failing such agreement, either party may request the National Mediation Board to designate within 10 days the neutral member whose designation will be binding upon the parties.

(b) The decision, by majority vote, of the arbitration committee shall be final, binding, and conclusive and shall be rendered within 45 days after the hearing of the dispute or controversy has been concluded and the record closed.

(c) The salaries and expenses of the neutral member shall be borne equally by the parties to the proceeding and all other expenses shall be paid by the party incurring them.

- 24 -

(d) In the event of any dispute as to whether or not a particular employee was adversely affected by an Implementation, it shall be his obligation to identify the adverse effect and specify the pertinent facts relied upon. If the facts so stated are sufficient to support a finding that the employee was so adversely affected by an Implementation, it shall then be the Railroad's burden to disprove those facts or prove that other factors affected the employee.

Section 9. Any Displaced Employee required to change his residence because of the Implementation of Article XII - Interdivisional Service shall receive the benefits contained in Sections 10 and 11 of the Washington Job Protection Agreement except that he will be allowed 5 working days instead of "two working days" as provided in Section 10 of said Agreement, and in addition to such benefits shall receive a transfer allowance of \$400.00. The National Mediation Board is substituted for the Interstate Commerce Commission in Section 11(d) of said Agreement. Change of residence shall not be considered "required" if the reporting point to which the employee is changed is not more than 30 miles from his former reporting point.

Section 10. If any protective benefits greater than those provided in this Article are available under existing agreements, such greater benefits shall apply subject to the terms, conditions, responsibilities and obligations of both the carrier and employee under such agreements, in lieu of the benefits provided in this Article. There shall be no duplication or pyramiding of benefits to any employees.

ARTICLE XIV - STANDING COMMITTEE

It is hereby agreed that the parties signatory to this Agreement will establish within 60 days of the date of this Agreement a Standing Committee as proposed by Emergency Board No. 178 consisting of two partisan members representing the Carriers, two partisan members representing the Organization and a disinterested Chairman.

If the partisan members of the Standing Committee cannot agree on the Chairman within the 60-day period, the partisan members shall request the Chairman of the National Mediation Board and/or the Secretary of Labor to confer with the members and within 90 days of the date of this Agreement select such disinterested Chairman. The Standing Committee, as so constituted, shall determine the procedures under which it will operate, with the understanding such procedures will not include arbitration procedures unless agreed upon by the partisan members of the Standing Committee.

The life of the Standing Committee shall extend over the terms of this Agreement, at which time it will be terminated unless continued by mutual agreement of the partisan members. The Standing Committee may be terminated at any time by mutual agreement of the partisan members.

The following items shall be considered by the Committee:

Basis of pay

Car-Scale additives

Elimination of arbitraries applicable to road and yard employees

Mileage holddown

Road-yard proposals not disposed of in this Agreement

Reduction of work month for dining car stewards

Overtime in passenger service

Time and one-half for working during vacation periods

Sick leave pay

Elimination of hostlers

Paid holidays for employees not now eligible for paid holidays

ARTICLE XV - GENERAL PROVISIONSSection 1 - Court Approval

This Agreement is subject to approval of the courts with respect to carriers in the hands of receivers or trustees.

Section 2 - Effect of This Agreement

(a) The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement and is in settlement of the disputes growing out of notices served upon the carriers listed in Exhibit A by the UTU (E-C-T-S) dated on or about October 20, 1969 and November 20, 1969 and proposals served by the carriers for concurrent handling therewith.

(b) This Agreement shall be construed as a separate agreement by and on behalf of each of said carriers and their employees represented by the organization signatory hereto, and shall remain in effect until July 1, 1973 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(c) The parties to this Agreement shall not serve nor progress prior to January 1, 1973 (not to become effective before July 1, 1973) any notice or proposal for changing any matter contained in this Agreement, including those matters referred to the Standing Committee, and any pending notices which propose such matters are hereby withdrawn. These matters include the following subjects:

- Wage adjustments
- Vacations
- Holidays
- Jury service
- Switching limits and switching service for new and other industries
- Interchange service
- Use of communication systems
- Road/yard movements
- Combining road and yard seniority
- Expenses away from home
- Interdivisional, interseniority district, intradivisional and/or intraseniority district service
- Employee protection except future mergers, consolidations or coordinations
- Basis of pay
- Car-scale additives
- Arbitraries applicable to road and yard employees
- Mileage holddown
- Road-yard proposals not disposed of in this Agreement

- 27 -

Reduction of work month for dining car stewards
 Overtime in passenger service
 Time and one-half for working during vacation periods
 Sick leave pay
 Elimination of hostlers
 Paid holidays for employees not now eligible for paid
 holidays

(d) Nothing in the foregoing, however, will prevent the handling of the items by the Standing Committee as provided for in Article XIV of this Agreement.

(e) This Article will not debar management and committees on individual railroads from agreeing upon any subject of mutual interest.

SIGNED AT WASHINGTON, D. C., THIS 27TH DAY OF JANUARY, 1972.

FOR THE PARTICIPATING CARRIERS
 LISTED IN EXHIBIT A:

William H. Murphy
 Chairman

C. Ball

J. K. Day, Jr.

T. C. De Batts

A. I. Farr

J. J. Maher

E. J. McNamee, Jr.

Earl Oliver

J. H. Osborn

George Paul

Sam Seaton Jr.

FOR THE EMPLOYEES REPRESENTED BY THE
 UNITED TRANSPORTATION UNION:

A. H. Chesser

C. Lane

J. W. Jennings

L. C. Gabriel

W. R. Meyers

WITNESS:

George S. Ives
 Chairman
 National Mediation Board

(Pages 28 through 84 of this publication may be found in the files of the subcommittee.)

- 85 -

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9320

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. F. GRIFFIN, Administrative Secretary

January 27, 1972

Mr. A. H. Chesser, President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Chesser:

We have received from the Pay Board a copy of the resolution of the Board respecting the wage increases provided for in the agreement executed January 27, 1972, by the UTU and the carriers. The Pay Board, in approving the 1972 increases, advised that prenotification by the carriers should contain a showing that the work rules changes "are being implemented in accordance with the applicable provisions of the agreement." We will, of course, see to it that there is proper prenotification, and we will join with the UTU in supplying whatever information may be required to satisfy the Board's condition.

As to the 1973 wage package which is within the Board's current guidelines and as to which the Board has not attached any such conditions, we will prenotify and submit to the Board whatever documents may be required.

Yours very truly,

William H. Dempsey
Chairman

EXECUTIVE OFFICE OF THE PRESIDENT
PAY BOARD

WASHINGTON, D.C. 20508

OFFICE OF THE
EXECUTIVE SECRETARY

January 25, 1972

Mr. William Dempsey, Chairman
National Railway Labor Conference
1225 Connecticut Avenue, N.W.
Washington, D.C. 20036

Dear Mr. Dempsey:

This is to inform you that on January 25, 1972, the Pay Board adopted the following resolution:

Resolved:

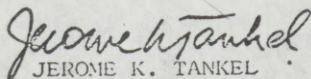
1. That the agreement between the United Transportation Union and the railroads by the National Railway Labor Conference is an existing agreement by definition.

2. That the Pay Board, pursuant Section 201.13(b) of existing Pay Board regulations, approves wage and salary increases scheduled to have become effective April 1, 1971 and October 1, 1971, pursuant to terms of the agreement.

3. That the Board takes notice of the changes in work rules covered by the agreement and recognizes that encouragement of increases in productivity is in the National interest; and

4. That the Board intends to approve deferred increases in wages and salaries for the year 1972 under terms of the agreement provided that on the prenotification dates required for such increases, the work rules changes covered by the agreement are being implemented in accordance with the applicable provisions of the agreement.

Sincerely,


JEROME K. TANKEL

Executive Secretary

- 87 -

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9320

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. F. GREFFIN, Administrative Secretary

January 27, 1972

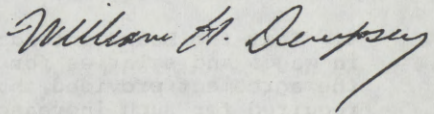
Mr. Al H. Chesser, President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Chesser:

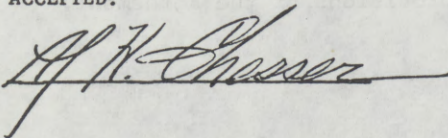
Proposals I and J of Attachment "A" to the Section 6 Notices served by the Carriers for concurrent handling with the UTU proposals of November 20, 1969, are hereby withdrawn without prejudice to the rights or liabilities of either party in regard to the unilateral promulgation of these proposals on certain Carriers on or after July 16, 1971.

Withdrawal of these proposals by the Carriers will not prejudice or jeopardize the position of any of the parties in the handling of Section 6 Notices Nos. 1 and 3 served on the Carriers by the then Brotherhood of Locomotive Firemen and Engineers (now the United Transportation Union (E)) on or about November 15, 1965, and Carrier proposals served for handling concurrently therewith.

Yours very truly,



ACCEPTED:



- 88 -

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9328

WILLIAM H. DEMPSEY, Chairman M. E. PARKS, Vice Chairman W. S. MACGILL, Assistant to Chairman
 JAMES A. WILCOX, General Counsel H. E. GREER, Director of Research J. F. GRIFFIN, Administrative Secretary

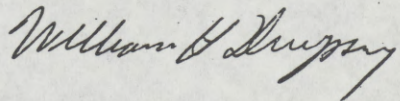
January 27, 1972

Mr. Al H. Chesser, President
 United Transportation Union
 15401 Detroit Avenue
 Cleveland, Ohio 44107

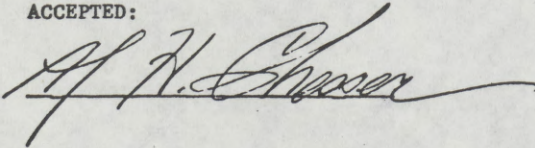
Dear Mr. Chesser:

This will confirm our understanding that the increase in rates of pay effective April 1, 1971, provided by Section 1 of Article I of the Agreement of January 27, 1972, and as set forth in Appendix 1 thereto, shall not in any way affect the positions or rights of the parties with respect to the rates and basis of pay in effect during the period of the promulgation and implementation of the Carriers' work rules between 6:00 a.m. July 16, 1971, local time, and 12:01 p.m. August 2, 1971, except that the 4% increase effective April 1, 1971 will apply to the promulgated rates of pay.

Yours very truly,



ACCEPTED:



- 89 -

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9320

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. F. GRIFFIN, Administrative Secretary

January 27, 1972

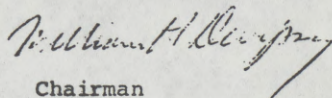
Mr. A. H. Chesser, President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Chesser:

In accordance with our understanding, this is to confirm that the carriers will make all reasonable efforts to make the retroactive increase payments provided for in the Agreement signed today as soon as possible.

If a carrier finds it impossible to make the permissible retroactivity payments within sixty days, it is understood that such carrier will notify you in writing as to why such payments have not been made and indicate when it will be possible to make such retroactive payments.

Yours very truly,


Chairman

- 90 -

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202 - 659-9320

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. F. GRIFFIN, Administrative Secretary

January 27, 1972

Mr. Al H. Chessser, President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Chessser:

This has reference to the Letters of Understanding with the former ORC&B, BLF&E and B of RT in connection with the application of "the additional \$.40" increase in daily rates provided for in the last previous agreements. The paragraph in those letters of understanding dealing with the application of "the additional \$.40" generally reads as follows:

"It is intended that the daily rate increase of 'an additional \$.40' will apply, on each individual railroad, to the rates of pay of conductors, flagmen and brakemen employed in the types of road service in which on such railroad holiday pay under Article I, Section 2 of the Agreement of June 25, 1964 is presently applied. Such increase will not apply to any type of passenger service."

This is to advise that the word "presently" as underlined above was not intended to preclude the application of "the additional \$.40" to any employee represented by your organization who became eligible for holiday pay under the provisions of Article I, Section 2 of the June 25, 1964 Agreement by reason of developments subsequent to the dates of such Letters of Understanding.

Yours very truly,

William H. Dempsey

ACCEPTED:

Al H. Chessser

- 91 -

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202 - 659-9320

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. F. GRIFFIN, Administrative Secretary

January 27, 1972

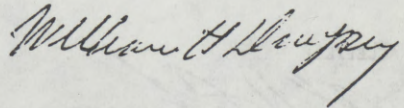
Mr. Al H. Chesser, President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Chesser:

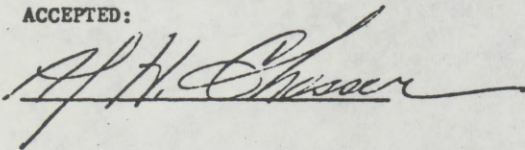
This has reference to Article XI - Expenses Away From Home - of the Agreement signed today.

It is understood that if an extra man used to fill a vacancy at an outlying point, who comes within the operation of Article XI, after completing a tour of duty is held over for a second tour of duty which is to commence more than four hours after the completion of his first tour of duty, he will be provided lodging or an allowance in lieu thereof under Article II, Section 1 of the June 25, 1964 Agreement. He will continue to be provided such lodging or allowances (but not more than one such allowance for each 24-hour period at the outlying point) if he is thereafter so held over for one or more subsequent tours of duty.

Yours very truly,



ACCEPTED:



- 92 -

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9320

WILLIAM H. DEMPSEY, Chairman M.E. PARKS, Vice Chairman W.S. MACGILL, Assistant to Chairman
JAMES A. WILCOX, General Counsel H. E. GREER, Director of Research J. F. GRIFFIN, Administrative Secretary

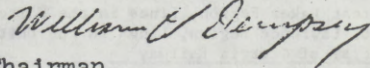
January 27, 1972

Mr. A. H. Chesser, President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107.

Dear Mr. Chesser:

It is understood and agreed that Article X of the Agreement of January 27, 1972, Combining Road and Yard Seniority, requires implementing agreements on the individual railroads.

Yours very truly,



Chairman

EXHIBIT A

RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES, DATED ON OR ABOUT OCTOBER 20 AND NOVEMBER 20, 1969, SERVED BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES, OF THE UNITED TRANSPORTATION UNION (E), (C), (T) AND (S), OF DESIRE TO CHANGE AGREEMENTS TO THE EXTENT INDICATED IN ATTACHMENTS NOS. 1 THERETO, AND PROPOSALS SERVED BY THE RAILROADS FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the United Transportation Union (E), (C), (T) and/or (S), as indicated by "x" inserted in the appropriate column(s) below:

RAILROADS	UNITED TRANSPORTATION UNION-			
	(E)	(C)	(T)	(S)
Akron and Barberton Belt Railroad	x		x	
Akron, Canton and Youngstown Railroad	x		x	
Alton and Southern Railway	x		x	
Ann Arbor Railroad	x		x	
Atchison, Topeka and Santa Fe Railway	x	x	x	
Atlanta and West Point Rail Road - The Western Railway of Alabama	x		x	
Atlanta Joint Terminals	x		x	
Baltimore and Ohio Railroad	1-x	2-3-x	3-x	
Baltimore and Ohio Chicago Terminal Railroad	x		x	
Bangor and Aroostook Railroad	x		x	
Bauxite and Northern Railway	x		x	
Belt Railway Company of Chicago			x	
Bessemer and Lake Erie Railroad	x		x	
Birmingham Southern Railroad	x			
*Boston and Maine Corporation	x		x	
Brooklyn Eastern District Terminal			x	
Buffalo Creek Railroad	x			x
Burlington Northern, Inc.	4-x	5-x	4-x	6-x
Butte, Anaconda and Pacific Railway	x		x	
Camas Prairie Railroad	7-x	x	x	x
Canadian National Railways, Great Lakes Region, Lines in the United States			x	
St. Lawrence Region, Lines in the United States			x	
Central of Georgia Railway	x	x	x	x
*Central Railroad Company of New Jersey		x	x	
Central Vermont Railway, Inc.	x		x	
Chesapeake and Ohio Railway	x	x	x	
Chicago and Eastern Illinois Railroad	x		x	
Chicago and Illinois Midland Railway	x		x	
Chicago and Western Indiana Railroad	x		x	
Chicago, Milwaukee, St. Paul and Pacific Railroad	x	x	x	
Chicago Produce Terminal Company			x	
Chicago River and Indiana Railroad			x	
Chicago, Rock Island and Pacific Railroad	x		x	x
Chicago Short Line Railway	x		x	
Chicago South Shore and South Bend Railroad	x		8-x	

RAILROADS	UNITED TRANSPORTATION UNION-			
	(E)	(C)	(T)	(S)
Chicago Union Station Company			x	
Chicago, West Pullman and Southern Railroad	x		x	
Cincinnati Union Terminal Company	x		x	
Clinchfield Railroad	9-x	9-x	9-x	9-x
Colorado and Southern Railway		x	x	
Columbia and Cowlitz Railway	x		x	
Davenport, Rock Island and North Western Railway	x			x
Delaware and Hudson Railway	x	x	x	
Denver and Rio Grande Western Railroad	x	x	x	x
Des Moines Union Railway	x			x
Detroit and Toledo Shore Line Railroad	x		x	
Detroit Terminal Railroad			x	
Detroit, Toledo and Ironton Railroad	x		x	
Duluth, Missabe and Iron Range Railway	x	10-x	x	
Duluth, Winnipeg and Pacific Railway	x		x	
East St. Louis Junction Railroad	x		x	
Elgin, Joliet and Eastern Railway	x			
Erie Lackawanna Railway	x		x	
Fort Worth and Denver Railway	x		x	x
Galveston, Houston and Henderson Railroad	x		x	
Galveston Wharves	x			
Georgia Railroad		x	x	
Grand Trunk Western Railroad	11-x	x	x	
Green Bay and Western Railroad	x		x	
Gulf, Mobile and Ohio Railroad	x	x	x	
Houston Belt and Terminal Railway			x	
Illinois Central Railroad	x	x	x	
Illinois Northern Railway	x		x	
Illinois Terminal Railroad	x		x	
Indiana Harbor Belt Railroad	x		x	
Indianapolis Union Railway	x			x
Jacksonville Terminal Company	x		x	
Joint Texas Division of the CRI&P - FW&D Railway	x	x	x	
Kansas City Southern Railway	x	x	x	
Kansas City Terminal Railway	x		x	x
Kentucky and Indiana Terminal Railroad	x		x	
Lake Superior Terminal and Transfer Railway	x			x
Lake Terminal Railroad			x	
Lehigh and Hudson River Railway	x		x	
Lehigh and New England Railway	x	x	x	
*Lehigh Valley Railroad	x	x	x	
Longview, Portland and Northern Railway	x		x	
Los Angeles Junction Railway	x		12-x	x
Louisiana and Arkansas Railway	x	x	13-x	
Louisville and Nashville Railroad	14-x	x	x	
Maine Central Railroad	x	x	x	
Portland Terminal Company	x		x	
Manufacturers Railway	x		x	
McKeesport Connecting Railroad	x			
Minneapolis Eastern Railway			x	
Minneapolis, Northfield and Southern Railway	x		x	
Minnesota, Dakota and Western Railway	15-x		x	
Minnesota Transfer Railway	x		x	
Missouri-Kansas-Texas Railroad	x	x	x	

RAILROADS	UNITED TRANSPORTATION UNION-			
	(E)	(C)	(T)	(S)
Missouri Pacific Railroad	x	x	x	
Missouri-Illinois Railroad	x	x	9-x	
Monongahela Railway	x	x	x	
Montour Railroad	x		x	
Newburgh and South Shore Railway			x	
New Orleans Public Belt Railroad	x			x
New Orleans Union Passenger Terminal	x		x	
New York and Long Branch Railroad			x	
New York, Susquehanna and Western Railroad	x	x	x	
Norfolk and Portsmouth Belt Line Railroad			x	
Norfolk Southern Railway	x	x	x	
Norfolk and Western Railway, Atlantic and Pocahontas Regions, including Sandusky Line;	x	x	x	
Lines of former New York, Chicago & St. Louis RR.;	x	x	x	
Lines of former Pittsburgh & West Virginia Ry.;	x		x	
Lines of former Wabash RR., East and West of Detroit	x	x	x	
Northampton and Bath Railroad	x		x	
Northwestern Pacific Railroad		x	x	
Ogden Union Railway and Depot Company	x		x	
Oregon, California and Eastern Railway	x	x		
*Penn Central Transportation Company	16-x	17-x	18-x	
Pennsylvania-Reading Seashore Lines	x		x	
Peoria and Pekin Union Railway	x		x	
Pittsburg & Shawmut Railroad	x		x	
Pittsburgh and Lake Erie Railroad, including Lake Erie and Eastern Railroad	x	x	x	
Pittsburgh, Chartiers and Youghiogheny Railway	x		x	
Portland Terminal Railroad Company	x			x
Port Terminal Railroad Association	x		x	
Qunah, Acme and Pacific Railway	x		x	
*Reading Company	x	x	x	
Richmond, Fredericksburg and Potomac Railroad, in- cluding Potomac Yard		x	x	
St. Joseph Terminal Railroad	x		x	
St. Louis-San Francisco Railway	x	x	x	
Northeast Oklahoma District			x	
Alabama, Tennessee and Northern District	x		x	
St. Louis Southwestern Railway	x		x	
Saint Paul Union Depot Company	7-x			7-x
San Diego and Arizona Eastern Railway		x	x	
Seaboard Coast Line Railroad	x	x	x	
Soo Line Railroad	x	x	x	
Southern Pacific Transportation Company, Pacific Lines	19-x	x	x	20-x
Texas and Louisiana Lines	x	x	21-x	x
Southern Railway	) x	x	x	
Alabama Great Southern Railroad, including former	) x	x	x	x
New Orleans and Northeastern Railroad	)			
Cincinnati, New Orleans and Texas Pacific Railway,	) x	x	x	
including former Harriman & Northeastern Railway	)			
Georgia Southern and Florida Railway	) x	x	x	
New Orleans Terminal Company	) x		x	
St. Johns River Terminal Company	) x		x	

RAILROADS	UNITED TRANSPORTATION UNION-			
	(E)	(C)	(T)	(S)
South Omaha Terminal Railway	x		x	
Spokane International Railroad	x	x		x
Staten Island Railroad Corporation			x	
Terminal Railroad Association of St. Louis	x		x	
Texas and Pacific Railway	22-x	22-x	22-x	
Fort Worth Belt Railway	x			
New Orleans and Lower Coast Railroad	x		x	
Texas-New Mexico Railway	x			
Texas Mexican Railway	x		x	
Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans				x
Toledo, Peoria and Western Railroad	x		x	
Toledo Terminal Railroad	x			
Union Pacific Railroad	x	x	x	
Union Terminal Company (Dallas)	x			
Union Terminal Railway-St. Joseph Belt Railway	x		x	
Washington Terminal Company	x		x	
Western Maryland Railway	x		x	
Western Pacific Railroad		x	x	x
Wichita Terminal Association	x		x	
Youngstown and Northern Railroad	x			
Youngstown and Southern Railway			x	

NOTES: -

* - Subject to approval of the Courts.

- 1 - Authorization also covers Engineers and Firemen on the Strouds Creek and Muddlety Territory and the Curtis Bay Railroad.
- 2 - Authorization also covers Conductors and Trainmen on the Strouds Creek and Muddlety Territory.
- 3 - Authorization also covers Conductors and Trainmen on the BR&P Territory.
- 4 - Item D of the Carrier's counterproposals was not served on the organization covering employees of the former King Street Passenger Station and the former Northern Pacific Railway.
- 5 - Item D of the Carrier's counterproposals was not served on the organization covering employees of the former Northern Pacific Railway.
- 6 - Authorization covers only employees of the former Great Northern Railway.
- 7 - Carrier did not serve Item D of counterproposals on the organization.
- 8 - Authorization is confined to the negotiation of the November 20, 1969 notice. (The notice served on the Carrier by the organization was dated November 26, 1969.)
- 9 - Organization did not serve the November 20, 1969 notice on the Carrier.
- 10 - Authorization covers Outside Terminal Yard Conductors in addition to Road Conductors on the Carrier's Missabe Division.
- 11 - Authorization applies only to one Engineer on the former MR&N Railroad, Muskegon, Michigan.
- 12 - Authorization covers Yardmasters, only.

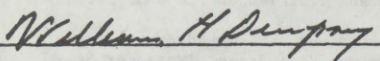
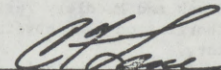
NOTES: - Continued

EXHIBIT A - Page 5

- 13 - Authorization applies to Brakemen on Texas Subdivision, Yardmen at Greenville, Texas and New Orleans, Louisiana, and Engine Foremen at Baton Rouge, Louisiana.
- 14 - Authorization covers the Monon Division, only.
- 15 - Both notices served by the organization on the Carrier on December 8, 1969.
- 16 - Authorization includes Engineers on Canada Division but does not include Firemen and Hostlers on the Louisville and Jeffersonville Bridge and Railroad.
- 17 - Authorization includes Road Conductors on the former New York Central Railroad only, except on the Canada Division.
- 18 - Authorization includes Road Conductors on the Canada Division; Yardmasters on the Canada Division, and employees of the former New York, New Haven and Hartford Railroad.
- 19 - Authorization includes former El Paso & Southwestern System and Nogales, Arizona, Yard.
- 20 - Authorization includes former El Paso & Southwestern System.
- 21 - Authorization excludes Dining Car Stewards.
- 22 - Authorization includes the former Kansas, Oklahoma and Gulf Railway.

FOR THE CARRIERS:

FOR THE UNITED TRANSPORTATION UNION:

Washington, D. C.,
January 27, 1972

ATTACHMENT "K"

UTU
JULY 19, 1972
(Manning)

MEDIATION AGREEMENT, CASE A-8381

DATED JULY 19, 1972

between

RAILROADS REPRESENTED BY THE
NATIONAL CARRIERS' CONFERENCE COMMITTEE

and their

EMPLOYEES REPRESENTED BY THE
UNITED TRANSPORTATION UNION

ATTACHMENT "K"

M E D I A T I O N A G R E E M E N T

THIS AGREEMENT, made this 19th day of July, 1972, by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - EMPLOYMENT OF FIREMEN (HELPERS)

Section 1. Each carrier shall employ and maintain a force of firemen (helpers) on each seniority district adequate to accomplish the following:

(a) For fulfilling needs arising as the result of assignments and vacancies, temporary or otherwise, in passenger service and in hostler, hostler-helper service, pursuant to existing mileage or other regulating factors and in accordance with Article IV of this Agreement, and

(b) For training, qualification and promotion to the craft of locomotive engineers to meet the operating needs of the carrier. To this end the number of firemen (helpers) to be employed shall be determined on the basis of the carrier's operating needs for locomotive engineers on each seniority district as determined in accordance with Section 3 of this Article.

Section 2. A carrier will not be precluded from employing firemen (helpers) in addition to those in Section 1 above.

Section 3. Pursuant to paragraph (b) of Section 1 of this Article, the following determinations will be made on each seniority district on each carrier:

(a) Determinations of the number of men required on each seniority district will be based on the maximum applicable regulating factor for each class of service contained in the rules existing on each carrier on July 1, 1972 relating to increasing or decreasing the force of locomotive engineers. The rules in effect on July 1, 1972 are to be used for this purpose, and shall continue to be so used even if changed during the period of this Agreement.

(b) Determinations will be made at three months' intervals (or comparable periods if necessary to conform to payroll periods) and will be based on the averages for the twelve months ending with the last month of each three months' determination period.

(c) The first determination period will cover the 12 months ending June 30, 1972. The UTU(E) General Chairman or his designated representative(s) will be notified of the results of that determination within 60 days after the effective date of this Agreement.

M E D I A T I O N A G R E E M E N T

THIS AGREEMENT, made this 19th day of July, 1972, by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - EMPLOYMENT OF FIREMEN (HELPERS).

Section 1. Each carrier shall employ and maintain a force of firemen (helpers) on each seniority district adequate to accomplish the following:

(a) For fulfilling needs arising as the result of assignments and vacancies, temporary or otherwise, in passenger service and in hostler, hostler-helper service, pursuant to existing mileage or other regulating factors and in accordance with Article IV of this Agreement, and

(b) For training, qualification and promotion to the craft of locomotive engineers to meet the operating needs of the carrier. To this end the number of firemen (helpers) to be employed shall be determined on the basis of the carrier's operating needs for locomotive engineers on each seniority district as determined in accordance with Section 3 of this Article.

Section 2. A carrier will not be precluded from employing firemen (helpers) in addition to those in Section 1 above.

Section 3. Pursuant to paragraph (b) of Section 1 of this Article, the following determinations will be made on each seniority district on each carrier:

(a) Determinations of the number of men required on each seniority district will be based on the maximum applicable regulating factor for each class of service contained in the rules existing on each carrier on July 1, 1972 relating to increasing or decreasing the force of locomotive engineers. The rules in effect on July 1, 1972 are to be used for this purpose, and shall continue to be so used even if changed during the period of this Agreement.

(b) Determinations will be made at three months' intervals (or comparable periods if necessary to conform to payroll periods) and will be based on the averages for the twelve months ending with the last month of each three months' determination period.

(c) The first determination period will cover the 12 months ending June 30, 1972. The UTU(E) General Chairman or his designated representative(s) will be notified of the results of that determination within 60 days after the effective date of this Agreement.

- 3 -

the requirements will be employed and placed in service within 30 days after the date by which the UTU(E) General Chairman or his designated representative(s) must be notified of the results of the determination.

Note: As used in this paragraph, the term "active service" refers to all employees holding seniority as engineer or fireman (helper) on the last day of a determination period, exclusive of:

(1) Employees who are furloughed.

(2) Employees who on the last day of a determination period were unavailable for service because they were on official positions with the carrier or labor organization, disabled, under suspension or dismissal for disciplinary reasons or on extended leave for any other purpose, and as to whom it can be established will be unavailable for service throughout the next determination period.

(3) Firemen (helpers) required for passenger service and hostler and hostler-helper service as set forth in paragraph (a) of Section 1 of this Article.

(4) Firemen (helpers) holding seniority on the date of this Agreement who under agreements, rules, practices and court opinions are not promotable, or are otherwise ineligible to perform service as engineer, including but not limited to fixtures, restricted, physically disqualified and disciplined firemen (helpers). This paragraph does not contemplate the exclusion of firemen (helpers) who are ineligible to perform service as an engineer because they have not yet attained the experience or training requirements necessary for certification as an engineer.

(g) When a carrier notifies the UTU(E) General Chairman or his designated representative(s) of the results of each determination, the General Chairman or his designated representative(s) will at the same time be furnished the calculations and supporting data referred to in this Section; and the carrier shall on request give to such UTU(E) General Chairman or his designated representative(s) access to the original records of the carrier from which such calculations and supporting data are drawn.

(h) Upon request, the carrier will promptly furnish the UTU(E) General Chairman a copy of the "Monthly Report of Employees, Service, and Compensation - Form WM - 3-2-61 - ICC Wage Statistics - Form B."

(i) If the UTU(E) General Chairman or his designated representative(s) disagrees with a carrier's determination made pursuant to Section 3 of this Article, he may within 15 days of receipt thereof advise the carrier in writing

- 4 -

and request a meeting to discuss such determination. A meeting for that purpose will be held within 10 days of receipt of request. In event of failure of the carrier to meet within the time limits prescribed, or if the dispute is not resolved at such meeting, upon request of the UTU(E) General Chairman to the carrier's highest appeals officer, they will meet within 15 days of receipt of such request to discuss the matter. In event of failure of the carrier to meet within the time limits prescribed, or if the dispute is not resolved at such meeting, either party may submit the dispute to the Board as set forth in Article IX. Such submission shall be made within 60 days of the date of the meeting or, if no meeting is held, within 75 days of receipt of the General Chairman's request for a meeting.

ARTICLE II - SENIORITY, PAY AND TRAINING

Section 1. All firemen (helpers) hired subsequent to the date of this Agreement shall rank on the firemen (helpers) roster in accordance with governing agreements on individual carriers. Such firemen (helpers) shall be trained and qualified for promotion to the craft of locomotive engineer in accordance with the training program between the UTU(E) and the carrier.

Section 2. All firemen (helpers), hostlers and hostler helpers shall be paid at the rate specified for the service performed, and shall be governed by the rules provided in existing agreements covering firemen (helpers), hostlers and hostler helpers.

Section 3. The duties performed by firemen (helpers) are not changed by this Agreement. However, existing agreement rules which impose restrictions on work or duties which can be performed by a fireman (helper) in connection with the movement of the locomotive or train to which he is assigned are hereby referred to a Standing Committee. The Standing Committee will be comprised of two members, one to be named by the Carriers and one to be named by the Organization.

- 5 -

ARTICLE III - EMPLOYMENT PROTECTION AND EXERCISE OF SENIORITY

Section 1. Firemen (helpers) holding or hereafter establishing seniority as such, including those on furlough status recalled to service under Section 2 hereof, shall have the right to exercise their seniority on assignments on which, under the National Diesel Agreement of 1950 (as in effect on January 24, 1964), the use of firemen (helpers) would have been required, and on available hostler and hostler helper assignments, subject to the following exceptions:

- (a) When required to fulfill experience requirements for promotion, or engaged in a scheduled training program.
- (b) When their services are required to qualify for or fill passenger or hostler or hostler helper vacancies in accordance with Article IV of this Agreement.
- (c) When restricted to specific assignments as referred to in Article VI of this Agreement.
- (d) When required to fill engineer vacancies or assignments.

The exercise of seniority under this Article will be subject to the advertisement, bidding, assignment, displacement and mileage rules on the individual carriers.

Note: As to any carrier not subject to the National Diesel Agreement of 1950 on January 24, 1964, the term "the rules in effect on January 24, 1964 respecting assignments (other than hostling assignments) to be manned by firemen (helpers)" shall be substituted in this Article for the term "the National Diesel Agreement of 1950."

Section 2. To the extent that the assignments subject to the exercise of seniority under Section 1 above are available, firemen (helpers) in furlough status as of the effective date of this Agreement will be recalled to active service under existing recall rules to fill such assignments. Furloughed firemen having insufficient seniority to acquire an assignment under the preceding sentence will subsequently be recalled to active service to fill regular assignments in accordance with applicable rules or in accordance with applicable mileage rules.

Section 3. Extra lists of firemen (helpers) will be maintained and regulated in accordance with existing agreements to the extent necessary to provide employment for firemen (helpers) holding seniority as such on the effective date of this Agreement.

Section 4. All firemen (helpers) presently or hereafter employed will be provided employment in accordance with the provisions of this Article until they retire, resign, are discharged for cause, or are otherwise severed by natural attrition; provided, however, that firemen (helpers) may be furloughed if no assignment working without a fireman (helper) exists on their seniority district which would have been available to firemen (helpers) under the National Diesel Agreement of 1950 (as in effect on January 24, 1964), and if no position on an extra list as required in Section 3 above exists on their seniority district, subject to Section 5 of this Article.

- 6 -

Section 5(a). With respect to firemen (helpers) employed after the date of this Agreement, the provisions of Section 4 above will be temporarily suspended on any seniority district to the extent provided in this Section 5 if there is a decline in business within the meaning of this Section.

(b) A decline in business within the meaning of this Section will occur if, in any period of 14 consecutive calendar days, the application of the formula provided for by paragraphs (a) and (e) of Section 3 of Article I would produce a number of men more than 15% below the number produced by application of such formula for the last preceding twelve months' determination period.

(c) When such a decline in business occurs, similar decline-in-business determinations will be made covering each successive period of 14 consecutive calendar days; and the following provisions of this Section 5 will continue in effect as long as the number of men produced by application of the formula for a 14-day period is more than 15% below the number produced by application of the formula for the preceding twelve months' determination period.

(d) The decline in excess of 15% will be applied to the number of engineers in active service (as defined in the Note to Section 3, paragraph (f) of Article I, exclusive of firemen (helpers)) as engineers on the last day of such preceding determination period. Firemen (helpers) with seniority dates subsequent to the effective date of this Agreement, equivalent in number to the number of excess engineers thus determined, may be furloughed (or continued on furlough) in reverse seniority order.

(e) If in a subsequent 14-day period, application of the decline-in-business determination produces a greater number of engineers than produced for the preceding 14-day period, a proportionate number of furloughed firemen (helpers) will be immediately recalled. When application of the decline-in-business formula produces a number of engineers not more than 15% below the number produced by application of the twelve months' determination formula, all firemen (helpers) who have been furloughed pursuant to this Section 5 will be recalled.

(f) Notwithstanding the provisions of paragraphs (a) through (e) of this Section 5 if, due to conditions beyond the control of the carrier, in any period of 24 consecutive hours the application of the formula provided for by Sections 3(a) and (e) of Article I would produce a number of engineers 40% or more below the number produced by application of such formula for the last preceding twelve months' determination period, the number of firemen (helpers), with seniority dates subsequent to the effective date of this Agreement, determined as provided in paragraph (d) above, may be furloughed (or continued on furlough) in reverse seniority order. The provisions of paragraphs (e) and (g) shall then be applied as to each subsequent 24-hour period until all firemen (helpers) who have been furloughed pursuant to this paragraph (f) have been recalled. Any reduction in the number of engineer miles or days utilized in applying this paragraph (f) will not be taken into account in the two-week determinations under paragraphs (a) through (e) of this Section

- 7 -

Note: This paragraph (f) will not apply to any 24-hour period which includes one of the holidays, other than the birthday holiday, or the day before or the day after one of such holidays, enumerated in Article I of the Agreement of June 25, 1964, as amended, unless the decline is due to circumstances beyond the control of the carrier.

(g) In calculating decline-in-business determinations, the twelve months' determination period immediately preceding an initial application of the decline in business formula will continue to be used as the base even though the series of 14-day periods or 24-hour periods as contemplated by paragraphs (b) and (f), respectively, continue into or through subsequent twelve months' determination periods.

(h) Whenever a carrier desires to proceed in accordance with this Section, it will promptly notify the UTU(E) General Chairman or his designated representative(s) and will provide him with the results of the calculations required by this Section. The UTU(E) General Chairman or his designated representative(s) will also promptly be furnished such calculations covering each subsequent 14-day or 24-hour determination period, whichever is applicable, so long as firemen (helpers) are furloughed under this Section. Upon request, the carrier will provide him access to the original records from which these calculations are drawn.

Example 1:

(a) The determination formula for the twelve months' period ending June 30 produced a figure of 120 men. The number of engineers in "active service" as of June 30 was 100, and the number of firemen (helpers) in "active service" was 20 (in addition to those required for passenger and hostling service), of which 10 were new hires.

(b) Application of the formula to the number of engineer miles or days paid for during the 14-day period September 15 through September 28 produces a 14% decline in the number of men required. No new hires will be furloughed.

(c) Application of the formula to the number of engineer miles or days paid for during the 14-day period September 15 through September 28 produces an 18% decline in the number of men required. Three new hires (a number equal to 3% - 18% minus the 15% float provided in paragraph (d) - of the number of engineers in "active service" as of June 30) may be furloughed.

(d) Application of the formula to the number of engineer miles or days paid for during the 14-day period September 29 through October 12 reflects an increase in engineer miles to only a 17% decline in the number of men required. One furloughed new hire (a number equal to 1% of the number of engineers in "active service" as of June 30) will be recalled.

(e) Application of the formula to the number of engineer miles or days paid for during the 14-day period October 13 through October 26 produces a 15% decline in the number of men required. All new hires who have been furloughed pursuant to this Section 5 will be recalled.

Example 2:

(a) The determination formula for the twelve months' period ending June 30 produced a figure of 25 men. The number of engineers in "active service" as of June 30 was 20, and the number of firemen (helpers) in "active service" was 5 (in addition to those required for passenger and hostling service), all of which were new hires.

(b) Application of the formula to the number of engineer miles or days paid for during the 24-hour period between 8:00 A.M. August 2 and 7:59 A.M. August 3 produces a 40% decline in the number of men required. Five new hires (a number equal to 25% - 40% minus the 15% float provided in paragraph (d) - of the number of engineers in "active service" as of June 30) may be furloughed.

(c) Application of the formula to the number of engineer miles or days paid for during the 24-hour period between 8:00 A.M. August 3 and 7:59 A.M. August 4 produces a 55% decline in the number of men required. Since all new hires have been furloughed no additional men may be furloughed.

(d) Application of the formula to the number of engineer miles or days paid for during the 24-hour period between 8:00 A.M. August 4 and 7:59 A.M. August 5 produces a 15% decline in the number of men required. All new hires who have been furloughed pursuant to paragraph (f) of this Section 5 will be recalled.

Section 6. Firemen (helpers) employed on a probationary basis on the date of this Agreement shall not be denied continued employment and establishment of a seniority date for the sole purpose of reducing the number of such firemen (helpers). Upon completion of their probationary period, they shall be entitled to the seniority rights and protection herein above provided.

Section 7. The rights or obligations of protected employees or carriers based on existing merger agreements or federal or state statutes affording protection to employees and requiring employees to protect assignments shall continue unaffected by this Agreement.

ARTICLE IV - PASSENGER AND HOSTLING SERVICE

Section 1. Firemen (helpers) shall be used on assignments in passenger service on which, under agreements in effect immediately prior to the effective date of this Agreement, the use of firemen (helpers) would have been required.

Section 2. Assignments in hostling service will continue to be filled when required by agreements in effect on individual carriers.

Section 3. The following will apply to the filling of assignments in passenger and hostling service:

If no bid is received from a fireman (helper), hostler or hostler helper during the authorized bulletin period, the vacancy will not be re-bulletined, and the junior fireman (helper), hostler or hostler helper on the seniority district or zone who is qualified for the particular service involved will be assigned to the vacant position.

In the event there is more than one vacant position to be simultaneously filled following the authorized bulletin period, the qualified junior firemen (helpers), hostlers or hostler helpers who are assigned will have their choice of vacancies in accordance with their standing on the seniority district (zone) roster. Such junior firemen (helpers) who are so assigned will remain on such positions unless or until they are displaced by senior qualified employees or upon employees junior to them becoming qualified, in which latter event the senior employee will be permitted to vacate the assignment and the junior employee will be assigned to such position.

Where there is insufficient work to maintain an extra list for filling temporary vacancies in passenger and hostling service, the most junior qualified fireman (helper) at the location where a vacancy occurs may be required to fill such vacancy. If no such fireman (helper) is available at that location, then the most junior qualified fireman (helper) at the nearest location within the same seniority district or zone where firemen (helpers) are available may be required to fill the vacancy. Firemen (helpers) who are removed from regular assignments to fill temporary vacancies under this paragraph will be compensated in accordance with existing rules applicable to being used off their regular assignments.

Firemen (helpers) junior to those assigned as provided above and who are not qualified to perform service in passenger and hostling service will be required in reverse seniority order to accept within ten days from the date of notification by the carrier the training necessary, if any, to become qualified for the services covered by this rule.

Firemen (helpers), other than those engaged in a scheduled training program, who are removed from regular assignments for the purpose of qualifying for passenger or hostling service will be paid, while qualifying, at the rate of the assignment from which removed or at the rate of the service for which being qualified, whichever is the greater. Firemen (helpers) who fail to qualify as provided herein will be withheld from service until such time as they do qualify. Agreement provisions, rules, or practices requiring a specified length of time to qualify for service as hostler or hostler helper are hereby eliminated.

ARTICLE V - TRANSFER OF FIREMEN (HELPERS)

Where two or more seniority districts of an individual carrier operate out of the same terminal and there is a shortage of qualified firemen (helpers) on one of the districts and a surplus of such employees on another of the districts at the same terminal, the following will govern in the filling of such shortages:

Section 1. Employment on the district where the shortage exists shall be posted for bid under existing rules to qualified firemen (helpers) who are eligible for promotion on the other seniority district or districts which operate out of the same terminal and the senior applicants will be assigned.

Section 2. In the event no bids are received as outlined above, the most junior qualified firemen (helpers) at the terminal involved on the seniority district or districts having a surplus shall be assigned to fulfill the needs on the other district.

Section 3. Firemen (helpers) bidding in or forced to another seniority district as outlined in Sections 1 and 2 above shall establish and accumulate seniority as firemen (helpers) on the district to which they are transferred and shall retain seniority on their home seniority district until such time as there is need for their services on their home seniority district, at which time they shall be given an opportunity, in seniority order, to return to their home district or to remain on the district where assigned. Firemen (helpers) electing to remain on the district where assigned when recalled to their home district will forfeit seniority on their home district. Firemen (helpers) who return to their home seniority district as outlined herein will forfeit seniority on the district they leave.

Section 4. The provisions of this article do not apply to the transfer of firemen (helpers) from one carrier to another carrier nor to the transfer of firemen (helpers) between seniority districts which would require a change in their residence.

ARTICLE VI - RESTRICTED EMPLOYEES

Agreements, rules, regulations, or understandings in effect on individual railroads on the effective date of this Agreement which provide for the placement or exercise of seniority of those engine service employees who may be restricted to a particular position, assignment or type of service for reasons including but not limited to physical disability, discipline, failure to pass promotional examination or other cause are not affected by this agreement.

- 11 -

ARTICLE VII - COMPULSORY RETIREMENT

Employees contractually represented by the UTU(E) must retire from active service in conformance with the following:

An employee over 65 years of age or who attains age 65 during 1973 must retire before January 1, 1974.

An employee who attains age 65 during 1974 or thereafter must retire by the last day of the month following the month in which he attains age 65.

Any agreement now in effect that provides for earlier retirement is not affected by this Article.

ARTICLE VIII - NATIONAL MANNING STUDY COMMISSION

Within thirty days following the effective date of this Agreement the parties agree to establish a National Manning Study Commission consisting of four members, two of whom shall be selected by the carriers and two by the United Transportation Union, charged with the responsibility of making an extensive and continuing study of the experience under this Agreement. Not later than fifteen months after the effective date of this Agreement the National Manning Study Commission shall prepare and issue to the parties a report summarizing the experience under the Agreement for the first year and making recommendations to the parties. The Commission will continue thereafter if in the opinion of its members a constructive purpose will be served thereby. The expenses of the Commission shall be shared equally by the parties.

One of the subjects to be examined by the National Manning Study Commission will be the experience of the parties under Section 3 of Article I and Section 5 of Article III and disputes arising in connection therewith. If that experience should demonstrate a need for addition of a penalty provision to Article IX, the carriers will promptly negotiate such a provision upon request of the UTU(E).

ARTICLE IX - NATIONAL DISPUTES COMMITTEE

It is hereby agreed that the parties to this Agreement will establish a National Disputes Committee for the purpose of adjusting and deciding disputes which may arise under Section 3 of Article I and Section 5 of Article III of this Agreement which are not settled on the individual railroad or property.

The National Disputes Committee shall consist of four members, two appointed by the UTU(E) and two appointed by the carriers parties to this Agreement. Appointment of the partisan members of the National Disputes Committee shall be made by the respective parties within thirty days from the date of the signing of this Agreement.

- 12 -

The partisan members of the Board shall promptly work out accelerated Disputes Committee procedures, including procedures relating to the appointment and selection of a panel of neutral referees, the frequency with which the Disputes Committee shall meet, and the time limits within which the disputes will be decided. It is understood that all of the necessary procedural matters will be agreed to within thirty days after appointment of the partisan members, so that the National Disputes Committee may promptly decide cases relating to the first quarterly determination following the effective date of this Agreement.

ARTICLE X - IMPLEMENTING AGREEMENTS

The parties hereto having in mind conditions which exist or may arise on individual carriers in the application of this Agreement, the duly authorized representative of the employees, party to this Agreement, and the officer designated by the carrier, may mutually enter into additional written understandings to implement this Agreement.

ARTICLE XI - GENERAL PROVISIONS

Section 1 - Court Approval

This Agreement is subject to approval of the courts with respect to Carriers in the hands of receivers or trustees.

Section 2 - Effect of This Agreement

(a) This Agreement is in settlement of the dispute between the carriers listed in Exhibit A and the United Transportation Union (E) growing out of the notices served by the former Brotherhood of Locomotive Firemen and Enginemen (now the United Transportation Union (E)), dated on or about November 15, 1965, identified as Notice No. 1, and notices served by the carriers in the early part of 1966. It shall be construed as a separate agreement by and on behalf of each of said carriers and its employees represented by the organization signatory hereto, and shall continue in effect until changed or modified in accordance with the procedures of the Railway Labor Act, as amended.

(b) No party to this Agreement shall serve or progress prior to January 1, 1975 (not to become effective before July 1, 1975) any notice or proposal pertaining to matters covered by this Agreement. Any pending notices served by one party upon another pertaining to matters covered by this Agreement, and not otherwise disposed of under paragraph (a) above, are hereby withdrawn.

(c) Except as provided in this Agreement, the so-called National Diesel Agreement, Mediation Agreement - Case A-3391 - dated May 17, 1950, and any other agreements respecting assignments to be manned by firemen (helpers), are superseded by this Agreement.

- 13 -

(d) After the effective date of this Agreement, the Award of Arbitration Board No. 282, all interpretations issued thereunder, and all decisions, judgments, orders, arbitration awards or agreements concerning the rules in effect following the expiration of Article II (Use of Firemen (helpers) on Other Than Steam Power) of Arbitration Award No. 282 shall be of no further force or effect.

(e) Except for claims based upon or arising out of the so-called "new run" holding, this Agreement shall not prejudice or impair any claim or accrued rights by or on behalf of any employee or the United Transportation Union (E) in regard to a period prior to the effective date of this Agreement, based upon or arising out of any agreement, rule, regulation, arbitration award, interpretation, decision, judgment or order (including, but not necessarily limited to, the Order dated August 16, 1971, in Civil Actions Nos. 777-66 and 784-66 regarding the so-called "full crew" holding) in effect prior to the effective date of this Agreement.

(f) The effective date of this Agreement shall be August 1, 1972.

SIGNED AT WASHINGTON, D. C., THIS 19TH DAY OF JULY, 1972.

FOR THE PARTICIPATING CARRIERS
LISTED IN EXHIBIT A:

William H. Dempsey
Chairman

E. A. Ball

F. K. Day, Jr.

J. C. de Butts

J. E. Farr

J. R. Jones

J. Makos

C. E. Mearns, Jr.

E. A. Quinn

FOR THE EMPLOYEES REPRESENTED BY THE
UNITED TRANSPORTATION UNION:

W. W. Hamilton
Assistant President

J. W. Jennings
Vice President

H. M. Price
Chairman

M. H. Nielsen
Vice Chairman

A. B. Healan
Secretary

R. G. Bonano
Member

R. M. Gambrell
Member

- 14 -

FOR THE PARTICIPATING CARRIERS
LISTED IN EXHIBIT A:

- continued -

J. Paul
S. M. Seaton Jr.

FOR THE EMPLOYEES REPRESENTED BY THE
UNITED TRANSPORTATION UNION:

- continued -

C. P. Gorman Jr.
Member

E. B. McKee
Member

H. W. White
Member

WITNESS:

Warren S. Lane
Regional Head Mediator
National Mediation Board

Jack W. Cassel
Mediator
National Mediation Board

EXHIBIT A
(Manning)

PARTICIPATING CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE
AND THE EMPLOYEES OF SUCH CARRIERS REPRESENTED BY THE UNITED TRANSPORTATION UNION.

Akron and Barberton Belt Railroad
Akron, Canton and Youngstown Railroad
Alton and Southern Railway
Ann Arbor Railroad
Atchison, Topeka and Santa Fe Railway
Atlanta & St. Andrews Bay Railway
Atlanta and West Point Rail Road - The Western Railway of Alabama
Atlanta Joint Terminals
Baltimore and Ohio Railroad
 Buffalo Division
 Strouds Creek and Muddlety Territory
Baltimore and Ohio Chicago Terminal Railroad
Bangor and Aroostook Railroad
Bauxite and Northern Railway
Bessemer and Lake Erie Railroad
*Boston and Maine Corporation
Buffalo Creek Railroad
Burlington Northern, Inc.
Butte, Anaconda and Pacific Railway
1: Camas Prairie Railroad
Central of Georgia Railroad
Central Vermont Railway, Inc.
Chesapeake and Ohio Railway
Chicago and Eastern Illinois Railroad
Chicago and Illinois Midland Railway
2: Chicago and North Western Transportation Company
Chicago and Western Indiana Railroad
Chicago, Milwaukee, St. Paul and Pacific Railroad
Chicago, Rock Island and Pacific Railroad
Chicago Short Line Railway
Chicago, West Pullman and Southern Railroad
Cincinnati Union Terminal Company
Clinchfield Railroad
Curtis Bay Railroad
Davenport, Rock Island and North Western Railway
Delaware and Hudson Railway
Denver and Rio Grande Western Railroad
Des Moines Union Railway
Detroit and Mackinac Railway
Detroit and Toledo Shore Line Railroad
Detroit, Toledo and Ironton Railroad
Duluth, Missabe and Iron Range Railway
Duluth, Winnipeg and Pacific Railway
East St. Louis Junction Railroad
Elgin, Joliet and Eastern Railway
*Erie Lackawanna Railway
Fort Worth and Denver Railway
Galveston, Houston and Henderson Railroad
Galveston Wharves
Green Bay and Western Railroad
Greenwich and Johnsonville Railway
Gulf, Mobile and Ohio Railroad
Illinois Central Railroad

EXHIBIT A - Page 2
(Manning)

Illinois Northern Railway
 Illinois Terminal Railroad
 Indiana Harbor Belt Railroad
 Indianapolis Union Railway
 Joint Texas Division of the CRI&P and FtW&D Railway
 Kansas City Southern Railway (including KCS affiliates at Milwaukee-
 Kansas City Southern Joint Agency)
 Kansas City Terminal Railway
 Kentucky and Indiana Terminal Railroad
 Lake Superior Terminal and Transfer Railway
 Lehigh and New England Railway
 *Lehigh Valley Railroad
 Longview, Portland and Northern Railway
 Los Angeles Junction Railway
 Louisiana and Arkansas Railway
 Louisville and Nashville Railroad, Monon Division
 Maine Central Railroad
 Portland Terminal Company
 Manufacturers Railway
 McKeesport Connecting Railroad
 Minneapolis, Northfield and Southern Railway
 Minnesota, Dakota and Western Railway
 Minnesota Transfer Railway
 Mississippi Export Railroad
 Missouri-Kansas-Texas Railroad
 Missouri Pacific Railroad (including Gulf District, DeQuincy Division
 and former Union Railway (Memphis))
 Missouri-Illinois Railroad
 Monongahela Railway
 Montour Railroad
 New Orleans Public Belt Railroad
 New Orleans Union Passenger Terminal
 New York, Susquehanna and Western Railroad
 Norfolk and Western Railway -
 Atlantic and Pocahontas Regions;
 Lines of former New York, Chicago and St. Louis Railroad;
 Lines of former Pittsburgh and West Virginia Railway,
 Lines of former Wabash Railroad - East and West
 Norfolk Southern Railway
 Northampton and Bath Railroad
 Ogden Union Railway and Depot Company
 Oregon, California and Eastern Railway
 *-3: Penn Central Transportation Company
 Pennsylvania-Reading Seashore Lines
 Peoria and Pekin Union Railway
 Pittsburg and Shawmut Railroad
 Pittsburgh and Lake Erie Railroad, including Lake Erie and Eastern
 Railroad
 Port Terminal Railroad Association
 *Reading Company
 Ironton Railroad
 St. Joseph Terminal Railroad
 St. Louis-San Francisco Railway
 St. Louis Southwestern Railway

EXHIBIT A - Page 3
(Manning)

Seaboard Coast Line Railroad
Soo Line Railroad
Southern Pacific Transportation Company -
Pacific Lines (including former El Paso and Southwestern System and
Nogales, Arizona, Yard)
Texas and Louisiana Lines
Southern Railway
Alabama Great Southern Railroad (including former New Orleans and
Northeastern Railroad)
Carolina and Northwestern Railway
Cincinnati, New Orleans and Texas Pacific Railway (including former
Harriman and Northeastern Railroad)
Georgia Southern and Florida Railway
Interstate Railroad
New Orleans Terminal Company
St. Johns River Terminal Company
South Omaha Terminal Railway
Spokane International Railroad
Terminal Railroad Association of St. Louis
Texas and Pacific Railway (including former Midland Valley Railroad
and former Kansas, Oklahoma and Gulf Railway)
Fort Worth Belt Railway
New Orleans and Lower Coast Railroad
Texas Mexican Railway
Toledo, Peoria and Western Railroad
Toledo Terminal Railroad
Union Pacific Railroad
Union Terminal Company (Dallas)
Union Terminal Railway-St. Joseph Belt Railway
Washington Terminal Company
Western Maryland Railway
Wichita Terminal Association
Youngstown and Northern Railroad

NOTES: -

- * - Subject to the approval of the Courts.
 - 1 - Authorization applies on that part of the Camas Prairie Railroad covered by the Burlington Northern, Inc. (former Northern Pacific Railway) schedule.
 - 2 - Authorization includes the Minneapolis Industrial Railway.
 - 3 - Authorization excludes firemen on the former Louisville and Jeffersonville Bridge and Railroad of the former New York Central Railroad. A separate but identical Manning Agreement was concurrently entered into covering the former NYC - Ohio Central Division, B&A Division, Northern District, Southern District, Western District, and New York and Eastern District, except B&A. The separate agreement will be interpreted and applied in the same manner as the basic Manning Agreement.
-

FOR THE CARRIERS:

FOR THE UNITED TRANSPORTATION UNION (E):

J. D. Siffert

W. J. Byrne

Washington, D. C.,
July 19, 1972

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9328

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. E. GRIFFIN, Administrative Secretary

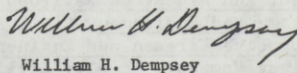
July 19, 1972 M-1

Mr. M. W. Hampton
Assistant President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Hampton:

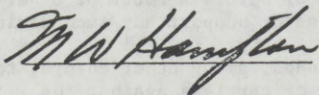
The carriers recognize that problems may arise with respect to the application of Article I and Section 5 of Article III of Mediation Agreement, NMB Case No. A-8381, dated July 19, 1972, on railroads where, as a result of mergers, acquisitions and similar transactions, firemen (helpers) seniority districts have been consolidated or rearranged under a prior rights or zone arrangement. Accordingly, such railroads are willing to confer promptly with the United Transportation Union (Enginemen) in a good faith effort to resolve such problems.

Yours very truly,



William H. Dempsey

ACCEPTED:



NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9328

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General Counsel

M. E. PARKS, Vice Chairman
H. E. GREER, Director of Research

W. S. MACGILL, Assistant to Chairman
J. F. GRIFFIN, Administrative Secretary

July 19, 1972 M-2

Mr. M. W. Hampton
Assistant President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Hampton:

This is to confirm our understanding that, in consideration and as a condition of the Agreement of July 19, 1972, between carriers represented by the National Railway Labor Conference (listed in an Exhibit to the said Agreement) and the United Transportation Union (E) the parties to that Agreement have agreed that:

1. The said Agreement is intended, among other things, to settle and dispose of all claims by the UTU(E) (or by the former Brotherhood of Locomotive Firemen and Enginemen), or by employees or former employees in a class or craft represented by the UTU(E), against one or more of the carriers, based upon or arising out of the so-called "new run" holding in Bangor and Aroostook Railroad Company, et al. v. Brotherhood of Locomotive Firemen and Enginemen, Civil Action No. 777-66, and in Brotherhood of Locomotive Firemen and Enginemen v. The Atchison, Topeka and Santa Fe Railway Company, et al., Civil Action No. 784-66, both pending as consolidated cases in the United States District Court for the District of Columbia, and on appeals in that litigation, including the Order dated August 16, 1971 entered by the District Court therein. All such claims are hereby released and shall hereafter be barred. The UTU(E) shall take such action as may be necessary to withdraw or dismiss all pending proceedings upon any such claims, whether pending on the property of a particular carrier or before an adjustment board or before a court or otherwise, and shall not hereafter present, progress or support any such claim.

2. The said Agreement also is intended, among other things, to settle and dispose of all claims by a carrier or carriers against the UTU(E) (or the former Brotherhood of Locomotive Firemen and Enginemen), and against its present or former lodges, divisions, locals, officers, agents, employees or members or persons acting in concert with them, based upon or arising out of the Temporary Restraining Order dated March 28, 1966 entered in said Civil Action No. 777-66, or the Supplement to Temporary Restraining Order dated March 31, 1966 entered in that proceeding, or upon the Order Adjudging the Brotherhood of Locomotive Firemen and Enginemen and H. E. Gilbert in Contempt dated April 2, 1966 entered in that proceeding. All such claims are hereby released and shall hereafter be barred. The carriers shall take such action as may be necessary to

Mr. M. W. Hampton

- 2 -

July 19, 1972

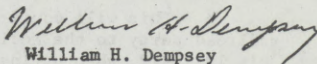
withdraw or dismiss any pending proceedings upon any such claims, including the Motion for Order Assessing Fines for Failure to Terminate Contempt filed in the said Civil Action No. 777-66 on or about April 29, 1966, and shall not hereafter present, progress or support any such claim.

3. The UTU(E) shall take such action as may be necessary to withdraw or dismiss its complaint in United Transportation Union v. Burlington Northern, Inc., et al., Civil Action No. 2183-70, now pending in the United States District Court for the District of Columbia, and the carriers shall take such action as may be necessary to withdraw or dismiss the counterclaim filed in that proceeding.

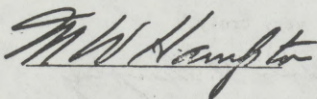
4. The withdrawal or dismissal of a pending complaint, counterclaim, motion or other pending proceeding upon a claim pursuant to paragraphs 1 through 3 above shall be without costs to any party and shall be subject to the approval of the court or other body before which the said matter is pending if such approval is required.

If the foregoing accords with your understanding, please so signify by your signature in the space provided below.

Yours very truly,


William H. Dempsey

ACCEPTED:



NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9328

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. F. GRIFFIN, Administrative Secretary

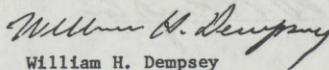
July 19, 1972 M-3

Mr. M. W. Hampton
Assistant President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

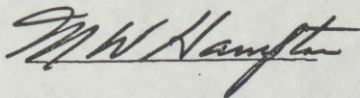
Dear Mr. Hampton:

This will confirm our understanding that each individual railroad party to the Mediation Agreement, Case No. A-8381, of July 19, 1972, when hiring firemen (helpers) after the effective date of the Agreement, will give preference to former engine service employees of that railroad whose seniority was terminated under any of the provisions of the Award of Arbitration Board No. 282 and who apply for employment, provided that such former employees are able to meet the physical and other employment requirements of the railroad.

Yours very truly,


William H. Dempsey

ACCEPTED:



NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9320

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. F. GRIFFIN, Administrative Secretary

July 19, 1972 M-4

Mr. M. W. Hampton
Assistant President
United Transportation Union
15401 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Hampton:

This will confirm our understanding that the Note to Section 3(e) of Article I of the Mediation Agreement, Case No. A-8381, of July 19, 1972, is intended to include the hourly equivalents of all arbitraries and special allowances paid in connection with a trip or tour of duty at the time such payments are actually made.

Yours very truly,

William H. Dempsey
William H. Dempsey

ACCEPTED:

MW Hampton

NATIONAL RAILWAY LABOR CONFERENCE

1225 CONNECTICUT AVENUE, N.W., WASHINGTON, D. C. 20036/AREA CODE: 202-659-9328

WILLIAM H. DEMPSEY, Chairman
JAMES A. WILCOX, General CounselM. E. PARKS, Vice Chairman
H. E. GREER, Director of ResearchW. S. MACGILL, Assistant to Chairman
J. F. GRIFFIN, Administrative Secretary

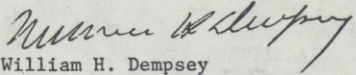
July 19, 1972 M-5

Mr. M. W. Hampton
 Assistant President
 United Transportation Union
 15401 Detroit Avenue
 Cleveland, Ohio 44107

Dear Mr. Hampton:

This will confirm our understanding in connection with the Manning Agreement of July 19, 1972, Mediation Case No. A-8381, that the carriers will be fully informed of the provisions of the agreement prior to August 1, 1972. Further, every effort will be made to assure that as of August 1, 1972 firemen (helpers) will be accorded the right to exercise their seniority, and that firemen (helpers) required to be recalled from furlough will be so recalled, as provided in the Manning Agreement. It is understood that all jobs will be advertised effective August 1, 1972. Such exercise of seniority and recall from furlough will be subject to the advertisement, bidding, assignment, displacement, mileage and recall rules in effect on the individual carriers.

Yours very truly,


 William H. Dempsey

ACCEPTED:

