

Why Are So Many Railroad Workers Currently Furloughed?

From coast to coast on all of the Class I rail properties, railroad workers - particularly in the train and engine crafts - have been furloughed. All told, the rail industry employment has shrunk more than 10% in a period of less than 18 months. The reasons behind these furloughs - well over 10,000 - are numerous and complex, and deserve investigation.

A dramatic decline in traffic moving by rail is the force driving the furloughs, and the downturn in fossil fuel shipments by far is the most significant factor. Coal shipments have declined dramatically in the last few years, primarily as a result of the historically low price of competing fuels like natural gas. Oil shipments which had been skyrocketing earlier this decade have dropped off dramatically as well, largely as a result of depressed oil prices, brought about by a glut of oil on the global market. (Ironically, the railroad itself contributed to this glut by its dramatically increased shipments in recent years of Bakken crude to refineries for both export and domestic use).

But that is just part of the picture. Traffic levels in practically all categories have plunged. Intermodal (including both containers and especially domestic trailers); grain and farm products; ores and metals; forest products (including wood, lumber, pulp and paper); and stone, sand and gravel have all taken a hit. Overall, these traffic volumes are down by 16.1% compared to this time in 2015. Part of the problem here is that the railroad lost a number of customers to the trucking industry, given a shot in the arm by the ongoing low cost of diesel fuel in recent months. In fact, traffic levels are now lower than they were at the nadir of rail shipments during the depth of the "Great Recession" in 2009-2010.

In addition to the downturn in traffic, the Class I railroads had gone on a hiring spree just prior to the onset of the decline. When traffic levels plummeted, the carriers' furloughed these "excess" workers. But they did not stop there of course. Trimming extra boards to the bone, shuttering terminals, consolidating operations, cutting back on maintenance forces, and

lengthening train size and crew districts have all taken their toll upon the workforce across numerous crafts.

While thousands of our fellow workers await to be recalled to service, we need to ask ourselves how to avoid such a calamity in the future. Was it not apparent that the downturn was at hand? And if so, what could and should our unions have demanded of the rail carriers to keep our people working? Are fossil fuel shipments a thing of the past? And if so, is it time for the railroad to take the necessary measures to lure back decades of lost shippers, attract new/old forms of freight like mail, perishables and express, and cooperate with public agencies to run passenger trains in select corridors? It is time for us to take a long-term perspective on the rail industry.



BNSF locomotives sit in storage in Seattle, WA. Class I railroads have stored hundreds of locomotives due to the downturn in freight traffic over the past year. In addition to causing numerous locomotives to be stored and company profits to plummet after decades of record setting numbers, thousands of employees have been furloughed and await to be recalled to service. Could the rail carriers have foreseen this trend and taken measures to avoid it?