In September, the largest railroad in the U.S. unveiled a new operating plan called, “Unified Plan 2020” (UP 2020), one intended to implement “Precision Scheduled Railroading Principles” along the lines that have previously been implemented at four other major Class One railroads in the past twenty years. Former railroad CEO Hunter Harrison, who died while at the helm of CSX earlier in 2018, is known for founding and instituting these practices, first at Illinois Central and then Canadian National, before coming out of retirement to take the helm at Canadian Pacific and finally CSX. While Harrison and his “principles” are held in high esteem by railroad stockholders – especially speculative hedge-funds who are looking for a short-term and steep return on investment - so-called “Precision Scheduled Railroading” (PSR) has not been met with such exuberance by railroad workers, shippers, passengers, and even several railroad executives.

Union Pacific makes no bones about what is the driving force behind the rollout of UP 2020, which began on October 1st, and will be completed in phases systemwide in the next 18 months or so: “Resulting benefits are expected to help Union Pacific achieve its 60% operating ratio goal by 2020, on the way to achieving a 55% operating ratio.” The carrier hopes to avoid the more traumatic and dysfunctional aspects of PSR, which were experienced at CSX in 2017, by making use of a slower pace of implementation. It remains to be seen if the railroad giant will succeed in effecting a smoother transition.

An unnamed observer was quoted in Railway Age Magazine, stating in reference to the railroad’s operating ratio, “... Absent operating ratio improvements at least equal to other properties, indicating that current management is weak on achieving operating/efficiency goals, somebody else - think an activist hedge fund - could show up for a proxy fight, and we know how that goes,” making reference to the hedge fund that gained controlling interest in CP in 2012, clamoring for bigger and quicker profits and installing Hunter Harrison to deliver them.

Upon Harrison’s implementation of PSR at Canadian Pacific, shippers were up in arms concerning a sharp decline in service, a lack of equipment in a timely manner, and delayed shipments, among other issues. Meantime, workers experienced a sharp decline in safety standards, increasing work hours, layoffs, consolidations, takebacks and givebacks in work rules. At CSX, things appeared close to a total meltdown when PSR – again under Hunter Harrison – was rolled out. Countless train crews expired on the hours of service law as most of the carrier’s hump yards were shuttered. Shippers cried foul and called for government investigations into the sharp decline in service. Meanwhile, employees in all crafts suffered even worse than their CP counterparts. In addition, in order to untangle the quagmire the railroad was mired in, CSX abolished long standing safety rules; e.g. encouraging the getting on/off moving equipment. Injuries and fatalities ensued. To add insult to injury, the company actually blamed the workforce for the disastrous rollout of PSR.

Already at UP, RWU is receiving reports of layoffs, consolidation of facilities, harsh attendance and tardiness policies, and threatened changes to long term practices and procedures. If the PSR experience at other railroads is anything to go by, workers at Union Pacific can expect this trend to accelerate as the new system is rolled out. If “successful” at UP (i.e., operating ratio is reduced, and higher profits are delivered to stockholders in a timely fashion), one can expect that the other Class One Railroads, specifically Norfolk Southern, Kansas City Southern and BNSF, will have little ability to resist – should they even wish to – and soon afterward announce their own versions of PSR. There is even some speculation that once the rollout is complete and functional at UP, that the rail giant will seek a merger with its eastern counterpart CSX to form the first coast-to-coast railroad in the United States. Should this happen, then it would be practically inevitable that the remaining two – NS and BNSF – would then consummate a merger of their own.

All of this, of course, does not bode well for railroad workers, who stand to lose terminals, crew bases and maintenance facilities, along with employment in most all crafts. Meantime, if the previous experience is a measure to go by, we can expect a change for the worst in work rules, working conditions, and quality of work life. Stay tuned.