B&M Would 'Buy' 600 Employees Out of Jobs

By BOB KILLAM

The president of the Boston & Maine Railroad proposed Tuesday that the line's workforce be reduced by at least 600 men by "buying" them out of their jobs at a cost of about $35 million in the next five years alone.

Paul V. Cherington told a group of federal lawyers in Washington that his plan would call for a liberal early retirement for older men, a separation allowance for young men with little security right now anyway and that the middle-age group be secure in their jobs.

Cherington painted a dismal picture of the financial condition of railroads in the northeast section which he termed "a very expensive "terminal" type of operation."

He said that many men are working hard in the nation's capital to solve the railroad problem but that none would succeed if the solution proposed did not consider "this labor and job conundrum."

And he told the attorneys the railroads here are facing a halt to all service and eventually "liquidation."

In a fairly long talk Cherington made these points:

- The summer of 1973 was a very bad time for the railroads. Business is bad, costs astronomical and cash draining away. There is talk of "liquidation."
- The B&M has 600 men between the ages of 60 and 70.
- "The only way I know of reducing our forces and our jobs by anything like that is needed is by a major program of early retirement and some sort of "buy out" of junior, low seniority people."
- "What bank or insurance company is going to buy another railroad bond with 6000 or so 'brothers' standing ahead of it at the payout window?"
- Even many Western roads are themselves scarcely more than two wheat harvests away from bankruptcy."
- Railroad work is not particularly interesting, frequently dangerous and often uncomfortable "but even so they certainly don't want their jobs abolished."
- They want to keep on drawing their $15,000 plus annual pay ($4,500 including fringe benefits) and even higher salaries for train and engine employees.

- "Events of the last ten years give absolutely no encouragement to the notion that 'self help' alone will permit the eastern bankruptcies to survive, or even maintain their services for very long."

Cherington said his line lost $8 million last year and things are getting worse. He asked the bar group how he could ask railroad people to take a cut in pay in a period of high inflation.

He also told them that even if they tore up some of the tracks it would save little because of existing labor contracts which "make our room for maneuvering terribly restricted."

Cherington declared, "It may be that you agree with the ICC that labor protection costs should be viewed as social costs or you may disagree, but one thing is clear - no remedial legislation which does not deal with this problem in a constructive and realistic way is going to do the job."

"The federal railroad administrator can spin his computers and others less sophisticated can restructure the eastern railroads with colored pencils. It will all be in vain unless we grasp the nettle of labor protection," he added.