



A bold voice for transportation workers

A PRO-LABOR APPROACH TO SUPPLY CHAIN BACKLOGS

Over the course of the last several months, the U.S. economy has suffered severe breakdowns in the supply chain as bottlenecks and service meltdowns have become a fact of daily life. The resultant delays and inefficiencies in the freight network come at high financial and even environmental costs as products fail to reach secondary manufacturers and assembly facilities, as well as American consumers, in a timely manner. These issues have been particularly pronounced on the West Coast at Port of LA-Long Beach, but similar circumstances have arisen elsewhere, such as the Port of Savannah and at interior multimodal facilities.

The causes for these disruptions are clearly multivariate. Historic cargo volumes have certainly stressed supply chains — the Port of LA-Long Beach recently predicted that it would handle 20 million TEU (twenty foot equivalent units) in 2021, which would be an all-time record by a staggering 2.5 million TEU. Earlier this year, Union Pacific suspended service between the West Coast and its Global IV gateway in Chicago, and Burlington Northern Santa Fe began rationing, or metering, service over its LA-Long Beach-Chicago routes as it attempted to deal with container backlogs. Recent reporting has highlighted dozens of cargo ships anchored off the port, currently unable to dock due to lack of capacity at port terminals.

These breakdowns have caught the attention of the Biden administration, which has now convened a Supply Chain Disruptions Task Force, as well as that of federal economic regulators. We strongly welcome this further oversight of the surface freight supply chain, and encourage the development of both short-term and long-term policies and actions that seek to resolve current challenges while also promoting and strengthening the freight transportation workforce.

In these considerations, we call for a close examination of the role of Class I railroads in current supply chain challenges. Railroads are responsible for moving approximately 40% of long-distance freight volumes domestically, and even before the current congestion issues occurred, the vast majority of ports were seeking better rail access. Despite this, in just the four years prior to the pandemic, Class I railroads reduced total employment by a staggering 25%, as part of their commitment to the [adoption of precision scheduling railroading \(PSR\)](#). Rail employment sits below pre-pandemic levels [even as cargo volumes have returned](#), and total employment levels actually dropped in the month of August, despite the ongoing meltdowns and clear need for increased operations. The endless cycle of furloughs and position eliminations has also created an environment that has driven long-time employees out of the industry, and dissuaded new entrants from beginning railroad careers at a time when the industry can ill-afford it.

Further, through PSR reimagining, Class I railroads have closed shops and yards, sold off capital assets, and mothballed equipment like locomotives. In 2020, the aforementioned Union Pacific reduced its active locomotive fleet by 24% and only managed to keep 58% of its remaining locomotives in service. Other carriers have eliminated equipment similarly, and TTD unions report that equipment not in use is frequently not kept in a state of good repair, meaning that it cannot quickly be put into service when needed.

Down thousands of employees, and untold quantities of equipment, the freight rail industry has drastically reduced its capacity and eliminated its ability to respond with any rapidity to changing economic conditions or emergency situations like the LA-Long Beach backlog. Recently, Surface Transportation Board Chairman Marty Oberman penned a letter to this effect to railroad CEOs stating his concern about “the extent to which these service issues may be related to or exacerbated by a broader trend of rail labor reductions that has been occurring over the past several years”.

Therefore, we believe that not only are Class I railroads currently incapable of resolving the disruptions, but that the [hollowing out of their operations, the end of variable and on-demand service that best suits customer needs, and the propagation of historically long and cumbersome trains](#) means that these railroads share responsibility for the existence of these disruptions in the first place.

As the administration, Surface Transportation Board, Federal Maritime Commission, Congress, and others examine short- and long-term solutions, they must also consider the length to which current circumstances are the result of self-inflicted actions by the railroads. This must include considerations of the impacts of the drastic reduction in workforce and degradation in service quality, how these factors have contributed to supply chain disruptions, and even if the manner in which railroads have chosen to operate is consistent with statutory common carrier obligations. We encourage the pursuit of long-term structural changes that will reverse the current path of the industry and return to the prioritization of long-term viability, high quality service, and the creation and support of thousands of good jobs.

Additionally, we are unfortunately aware that some will use these discussions as a platform to unfairly deflect blame from the consequences of unscrupulous corporate profit-seeking to the frontline workforce. These “solutions” must be dismissed out of hand, as more serious and impactful proposals are developed.

Previous efforts to this effect have particularly targeted the longshore workforce, tasked with moving containers off seagoing vessels and onto trains and trucks. There is no evidence to suggest that these employees have done anything but work tirelessly under difficult conditions to alleviate backlogs. However, we expect that proposals requesting that the federal government gather particular workforce [data in a deliberate effort to undermine](#) the collective bargaining rights of longshoremen, or even that it financially sponsor the [automation of ports and harbors](#) at the cost of thousands of jobs, will abound. These bad faith proposals are not the way forward on freight congestion.

As the federal government develops its response to the supply chain crisis it must consider the actions of actors in the chain who have made this result inevitable. It must continue to solicit the perspectives of the workers who have watched these changes take place. And it must resist efforts to worsen conditions for workers, placed in difficult situations through no fault of their own. These tenets will be necessary to see our way out of the current crisis, and to avoid a repetition of these events in the future.

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