Brotherhood of Maintenance of Way Employes Division
of the International Brotherhood of Teamsters

NEWS CLIPS

March 1, 2009

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2/26/2009 Legislation

House approves $10.2 billion for transit in omnibus appropriations bill

Yesterday, the House passed the 2009 Omnibus Appropriations Act (H.R. 1105), a $140 billion bill that would fund domestic federal programs for the full fiscal-year 2009, according to the American Public Transportation Association (APTA).

The legislation includes $10.2 billion for public transportation, a $740 million increase compared with FY2008. If the bill is enacted, the funding amount would be an all-time high for transit, APTA said. The legislation proposes $1.8 billion for New Starts and Small Starts, up $240 million compared with FY2008; $1.5 billion for Amtrak, up $165 million; and $90 million in state intercity passenger-rail grants, up $60 million.

The Senate will consider the same bill next week, APTA said. The continuing resolution that currently funds programs included in the omnibus bill expires on March 6.

Union Labor News / 2009 / March / **Article**

Banks Take Cash Then Fight Labor Reform

Not only are recipients of the federal bank bailout using some of that money to pay big executive bonuses and to buy corporate jets. Instead of getting their financial houses in order, some of them are using that money – which is really our money – to attack unions and organize business opposition (including soliciting political contributions) against the Employee Free Choice Act, a bill that would make it easier for workers to organize.

Political reporter Sam Stein broke the story on *Huffington Post* about an October 17 conference call hosted by Bank of America, shortly after the bailout deal was announced. The main speakers on the call were Bernie Marcus, cofounder of Home Depot, and Rick Berman, antiunion lobbyist and founder of the union-busting propaganda outlet, Center for Union Facts. The focus of the call was to convince business people to contribute heavily to antiunion political front groups and to candidates who oppose EFCA.

The hatred of unions expressed on this conference call is extreme. "If a retailer has not gotten involved in this, if he has not spent money on this election... they should be shot. They should be thrown out of their g__d___ jobs," says Bernie Marcus. At another point the billionaire predicts the end of "civilization" if workers are able to join unions: "This is the demise of a civilization. This is how a civilization disappears. I am sitting here as an elder statesman and I'm watching this happen and I don't believe it."

Earlier in the call Marcus offered another threat against executives who aren't doing enough to defeat EFCA: "As a shareholder, if I knew the CEO of the company wasn't doing anything on [EFCA]... I would sue the son of a b____ ...I'm so angry at some of these CEOs, I can't even believe the stupidity that is involved here."

Banks Abuse Foreign Worker Visa Program

Many of the bank bailout's largest recipients also requested visas for more than 21,800 foreign workers under the H-1B visa program over the last six years, in a systematic way to cut payroll costs, according to a February 2 Associated Press account.

The AP reviewed visa applications filed with the Labor Department that authorizes temporary employment of foreign workers in highly specialized jobs that are supposed to be hard to fill. The job titles on the applications included: senior vice presidents, corporate lawyers, junior investment analysts and human resources specialists.

The banks also employed countless foreign workers through so-called "body shops", through intermediary companies, often in technology jobs, according to the report.

– compiled from UE Political Action Update and AP

Stimulus Puts High-Speed Rail On The Fast Track

by Brian Naylor

Among the winners in the $787 billion stimulus package that President Obama signed into law last week are backers of high-speed rail. The legislation included $8 billion for fast trains in the U.S. — the most ever allocated for rail at one time.

Transportation Secretary Ray LaHood says high-speed rail could be a signature issue for Obama. "I do think this is the transformational issue for this administration when it comes to transportation," LaHood said. "I think President Obama would like to be known as the high-speed rail president, and I think he can be."

LaHood has sent Obama a memo outlining a half-dozen rail corridors across the country that could be in line to get some of the high-speed rail money.

The state that may be furthest along in planning is California, where voters approved a $9 billion bond issue last fall for high speed trains. Quentin Kopp, a former judge who is chairman of the California High-Speed Rail Authority, expects a lot of the federal money to wind up in the California system, which would link the state's largest cities.

"A trip from San Francisco to Los Angeles, which is about 410, 420 miles, will take two hours and 38 minutes with a one-way fare of $55," Kopp says. That's about half to one-third the cost of a plane ticket for a comparable trip.

Illinois, the home state of both Obama and LaHood, also will likely get a large chunk of federal funds. Chicago is already a major rail hub for the region and the nation. Rick Harnish, executive director of the Midwest High Speed Rail Association, an advocacy group, says his region could use the money to improve and speed existing service.

"What we're hoping the stimulus money gets used for is upgrading the existing route between Chicago to St. Louis, to get the trip down to three-and-a-half or four hours," Harnish said. He also hopes to start the engineering work for "a true high-speed line that would bring that service down to two hours."

High-speed rail advocates also would like to see service between Chicago and Minneapolis. And planners in Texas, Florida and Ohio say lines would work to connect their population centers.

The closest approximation to high-speed rail in the U.S. is currently Amtrak's Acela service, running from Washington, D.C., to New York and north to Boston. The trip to New York is supposed to take 2 hours and 46 minutes, averaging 86 miles per hour. That's about half the speed of France's TGV trains.

Joe Vranich, who has written several books on high-speed rail, says the most effective use of the stimulus money would be to build what he calls a truly high-speed line between Washington and New York.

"That's the place where we clearly need such trains the most," Vranich said.

He jokes that if he were "king of high speed rail," he would beef up Acela service "to the levels we see in France or Japan. And once we've demonstrated what a real high-speed rail system can do, hopefully we can diminish these foolish calls for feeble high-speed rail in the other parts of the country and do this job the right way."

But political realities most likely will mean the $8 billion will be divided among several train corridors, diluting the impact somewhat. But there may be more good news for fast-train backers: Obama is expected to seek an additional $1 billion for high-speed rail in his outline for the 2010 budget later this week.

February 24, 2009, 5:06 pm

Senate Confirms Solis as Labor Secretary

By Kate Phillips

The Senate official confirmed Representative Hilda L. Solis to be the Secretary of Labor in the Obama administration, after several weeks of delays prompted largely by Republican concerns over her nomination.

Ms. Solis, 51, of California, cleared the Senate 80 to 17 after the Republican leadership dropped its insistence that her nomination clear a 60-vote procedural motion before it could be formally considered. That was agreed to earlier this morning.

Her nomination troubles in some ways represented the deep philosophical divisions between Republicans and Democrats over labor issues. Or more specifically, the qualms on the G.O.P. side about her nomination might be seen as a prelude to the larger fight brewing over legislation that would make joining a union easier. Mrs. Solis enjoyed the strong backing of the big labor unions and her own family's history as union members.

Despite the armies lining up again on both sides of the legislation this early and calls by the major labor organizations for the bill to be passed, Senator Harry Reid, the majority leader, indicated a few weeks ago that the legislation, called the Employee Free Choice Act, isn't like to be formally considered until perhaps this summer.

Ms. Solis' nomination also stumbled a bit when it was disclosed that her husband paid $6,400 in tax liens earlier this year on his auto repair business.

BREITBART.COM

Court: State can stop union political deductions

Associated Press

Feb 24 01:48 PM US/Eastern
By JESSE J. HOLLAND
Associated Press Writer

WASHINGTON (AP) - The Supreme Court on Tuesday upheld an Idaho law that bans cities, counties and school districts from allowing payroll deductions for a union's political activities, a blow to labor's political fundraising in that state.

Five labor unions and the Idaho state AFL-CIO had successfully challenged part of the law in the lower federal courts, saying the state's decision in 2003 to force local governments to eliminate a payroll deduction for political activities violated the First Amendment.

But "Idaho's law does not restrict political speech, but rather declines to promote that speech by allowing public employee checkoff for political activities," Chief Justice John Roberts said in the majority opinion.

Before 2003, Idaho employers could authorize both a payroll deduction for union dues and one for union political activities through a political action committee. But the state legislature in 2003 passed the Voluntary Contributions Act, which prohibits payroll deductions for political activities.

The unions did not appeal the elimination of the payroll deduction for state-level employees, and "we are aware of no case suggesting that a different analysis applies under the First Amendment depending on the level of government affected," said Roberts, who was joined in his opinion by Justices Antonin Scalia, Clarence Thomas, Anthony M. Kennedy and Samuel A. Alito.

"The ban on political payroll deductions furthers Idaho's interest in separating the operations of government from partisan politics," the chief justice said. "That interest extends to all public employers at whatever level of government."

Justice Ruth Bader Ginsburg, in a separate opinion, agreed "that, in the context here, the Constitution compels no distinction between state and local governmental entities."

A federal judge and the 9th U.S. Circuit Court of Appeals in San Francisco concluded that local units of government and school districts could choose to stop making the payroll deductions, but that the state could not force them to do so.

"Payroll deduction should not be a constitutionally protected right," said Stefan Gleason, vice president of the National Right To Work Legal Defense Foundation, which filed court papers in the case. "We feel it's bad public policy to have government bodies essentially be bagmen for union political monies."

Justices John Paul Stevens and David H. Souter dissented, saying the law was clearly aimed at stopping the political speech of unions.

The new language was placed inside a law "that deals with unions, the statute amended regulates unions, and all this legislation is placed in the state's labor law certification," Souter said. "Union speech and nothing else, seems to have been on the legislative mind."

Justice Stephen G. Breyer said he would have asked the lower courts to look at the case again to see if the law was aimed exclusively at unions' political speech. "It is important to know whether the exception concerns only labor-related political deductions (while allowing other similar deductions) or treats all alike," Breyer said.

The case is Ysursa v. Pocatello Education Association, 07-869.

BMWED/Soo reach settlement framework

February 24, 2009

Soo Line Railroad, a wholly owned subsidiary of Canadian Pacific, and the Brotherhood of Maintenance of Way Employes Division/International Brotherhood of Teamsters have concluded a "Framework for Settlement" that will resolve their round of collective bargaining that began on January 1, 2005. Soo and BMWED have scheduled a meeting in mid-March to finalize the settlement terms that will then be presented to Soo's rank and file maintenance-of-way workers or ratification.
For more on this story, visit:
RT&S Breaking News

UAW reaches health care trust fund deal with Ford

By KIMBERLY S. JOHNSON, AP Auto Writer Kimberly S. Johnson, Ap Auto Writer Mon Feb 23, 4:53 pm ET

DETROIT – The United Auto Workers and Ford Motor Co. said Monday they agreed to let the automaker change how it pays for a health care trust fund for retired workers, a deal that could serve as the model for cash-starved General Motors Corp. and Chrysler LLC.

Ford said the agreement allows it to make payments to the union-managed trust with up to 50 percent of company stock instead of cash. Having the UAW take equity frees up cash for operations.

"We will consider each payment when it is due and use our discretion in determining whether cash or stock makes sense at the time, balancing our liquidity needs and preserving shareholder value," said Ford spokesman Mark Truby in a written statement.

Ford, like its Detroit and foreign competitors, is seeing a huge drop in sales as consumers shy away from purchasing new cars during a recession. However, the company has not asked for low-interest government loans. General Motors and Chrysler have asked for a total of $39 billion, and have received $17.4 billion so far.

Under terms of the government loans, the Treasury Department set targets for Chrysler and GM to exchange half their cash payments to the trusts, called voluntary employee beneficiary associations, or VEBAs, for equity in the companies. Money freed up by supporting the VEBA with equity would potentially pare down GM's and Chrysler's borrowings from the government.

For Ford, which isn't receiving government aid but is trying to cut costs, the agreement announced Monday is another in a series of concessions from auto workers.

Terms of previous deals were not announced, but they were expected to eliminate the jobs bank in which laid-off workers get most of their pay, as well as lift work rules and make other changes that the government loan terms set out. The goal is for the companies' labor costs to be competitive with Japanese rivals that have U.S. factories.

The UAW, meanwhile, said the health care trust deal helps save jobs, as a failure to help the auto companies cut costs could lead to a bankruptcy filing and massive layoffs.

Although Ford was not required to renegotiate terms of its VEBA with the UAW, the company entered talks with the union, and said it would not be "disadvantaged" as GM and Chrysler sought concessions.

The VEBAs were established as part of the landmark 2007 contract reached with the UAW. The trusts would pay health care bills for about 800,000 UAW retirees, spouses and dependents and move billions in liabilities off the companies' books. GM expects to save about $3 billion a year, while Ford says it will save $1 billion annually.

Ford owes $6.3 billion to its VEBA at the end of this year. GM has to pay roughly $20 billion into its health care trust, while Chrysler must pay around $9.9 billion.

The UAW's willingness to strike a deal with Ford first is significant, because it shows the union is acknowledging the challenges Ford is facing, said Hal Stack, director of the Labor Studies Center at Wayne State University in Detroit.

"The question is whether they make a similar agreement with GM and Chrysler," he said. "It adds a certain element of risk to the equation for the UAW at a time when most people are nervous about any (financial) risk."

The agreement between Ford and the UAW, along with other previously agreed to concessions, must be ratified by union members. The UAW is expected to meet with heads of its local branches this week. The change to the health care trust also requires court approval.

This is the second time this month Ford has reached an agreement with the UAW on cost-cutting initiatives. UAW struck a deal with Ford on other contract concessions after talks with GM and Chrysler briefly broke down. Talks resumed and all three automakers reached a deal with the UAW earlier this month.

GM spokeswoman Renee Rashid-Merem said negotiations between GM and the UAW are continuing but had nothing to announce related to the VEBA.

Chrysler declined comment.

A presidential task force will monitor the GM and Chrysler restructuring plans and decide if the companies will get more money. The Obama administration on Monday named Wall Street financier Steven Rattner to serve as auto counselor to Treasury Secretary Timothy Geithner.

Shares of Ford rose 15 cents, or 9.5 percent, to close at $1.73 Monday. Shares of GM were unchanged at $1.77 after hitting a 70-year low Friday.

2/23/2009 People

Buttrey to step down from STB post next month

On Friday, Surface Transportation Board (STB) Commissioner W. Douglas Buttrey announced plans to conclude his term on March 13.

In August, Buttrey decided to hold over his term — which was to expire on Dec. 31, 2008 — into 2009 to enable the board to complete certain pending matters. The STB's governing statute permits a board member to serve up to one year after the end of their term, unless a successor is appointed.

Nominated to the three-member board by former President George W. Bush in November 2003, Buttrey has served a five-year term. Prior to joining the STB, he was an independent consultant. Buttrey previously served Federal Express Corp. as senior government affairs representative and the Senate aviation subcommittee as committee counsel.

"Doug Buttrey's leadership, judgment and broad experience in transportation and logistics will be greatly missed," said STB Chairman Charles Nottingham in a prepared statement. "He is the consummate gentleman and public servant who played a critical role in developing the collegial, impartial and bipartisan atmosphere that has helped the board implement a reform agenda that will continue to advance the public interest far beyond Doug's tenure."

Freight traffic on U.S. railroads struggles

February 22, 2009

U.S. railroads reported that freight volume during the week ended Feb. 14 was once again down in comparison with last year, according to the Association of American Railroads. Carload freight fell 12.2% from the level achieved in the comparable week of 2008, though AAR noted carload volume for the week reached its highest level so far in 2009 and was up 6.2% from the previous week ended February 7.

Eastern railroads continue to be hit harder, with loadings down 16.3% for the week relative to year-ago levels; by contrast, loadings fell 9.3% in the West. Intermodal volume dropped 12.9% compared with last year. Total volume was estimated at 29.9 billion ton-miles, off 11.0% from a year ago.

Canadian railroads reported carload volume fell 8.4% for the week compared with the comparable 2008 period, while intermodal slipped 3.8%. Mexican railroads reported carload volume fell 6.1% for the week compared to a year ago, while intermodal declined 6.9%.

North American rail volume for the first six weeks of 2009 on 14 reporting U.S., Canadian, and Mexican railroads was down 15.9% from last year's comparable six-week period, while intermodal fell 12.9% during the period.

AAR noted Canadian National's recent acquisition of the Elgin, Joliet & Eastern Railway Co. has resulted in some reporting changes that affect current totals and comparisons with last year.

Unions Win Fast Under Obama, Target Financial, Organizing Rules

By Holly Rosenkrantz

Feb. 11 (Bloomberg) -- Boston Red Sox All-Star Kevin Youkilis had to reveal his appearance fees, and actress Morgan Fairchild was forced to report corporate-paid trips.

They were among about 7,000 union officials covered by financial disclosure rules tightened by the Bush administration. Labor leaders say the requirements amount to harassment and want President Barack Obama to ease them.

Prospects are good. Three weeks into the Obama administration, organized labor has racked up a series of victories, highlighted by the so-called Lilly Ledbetter legislation, which makes it easier to fight pay discrimination. The president also has signed four presidential orders strengthening union rights with federal contractors.

After contributing more than $100 million to Obama and congressional Democrats for their 2008 election campaigns, unions appear determined to cash in their chips, and are laying plans to go after their top goal: legislation that would make it easier for workers to organize.

"Given the way organized labor put so much on the line for Obama during the election, they are clearly eager for some kind of payback," said Bradford Livingston, a labor attorney at Seyfarth Shaw LLP in Chicago. "We are looking at some of the most fundamental changes to labor law in over 60 years."

Before they tackle their top priority, labor leaders are working through a checklist of non-legislative actions they want from Obama. Among them are stricter enforcement of workplace safety regulations, more investigations of alleged wage abuses by employers and relaxation of the financial disclosure rules.

$25 Popcorn Popper

Those rules say all union officials must file documents revealing any personal financial dealings that might cause a conflict of interest. The Bush administration used the requirement as a tactic to "harass unions," Marc Perrone, the secretary-treasurer of the Washington-based United Food and Commercial Workers, said in an interview.

Among items covered by the provisions were a $25 popcorn popper received by a Michigan Education Association official from an education services group, and a $379 fruit-of-the-month club subscription given by a law firm to a locomotive union head in Cleveland.

The rules also swept in Youkilis, who as his team's representative to the Major League Baseball Players Association was required to report the $11,000 he got for signing baseballs at a Nordstrom Inc. store. His agent, Joe Bick, said the first baseman didn't object to filing the forms.

Fighting Corruption

Fairchild, a member of the Screen Actors Guild board, filed forms showing that Walt Disney Co.'s ABC News paid her expenses to attend the annual White House Correspondent's Association dinner in Washington in 2007. She didn't respond to an e-mail or phone calls left with her spokesman, Steve Rodriguez.

The disclosure requirements, which were passed in the 1950s and not vigorously enforced, were corruption-fighting tools, said Don Todd, a Labor Department official who updated the rules during the Bush administration.

Todd said in a written statement that he was "confident" that the changes "will both discourage embezzlement of union members' money and make such embezzlements harder to hide."

Another rule proposed by the Bush administration would require volunteers, as well as union staff and officers, to make public personal information such as mortgage loans from financial institutions that do business with the union. Obama has halted the rule pending a review.

Unions are likely to win some easing of the disclosure requirements, said Charles Craver, who teaches labor law at George Washington University Law School in Washington. "Labor will still have to maintain certain financial reports, but it will wind up less burdensome," he said.

Wage Abuses

Dolline Hatchett, a Labor Department spokeswoman, and White House spokesman Tommy Vietor declined to comment.

Another union goal is getting the department to expand its investigations of alleged wage abuses to the retail and transportation industries, said Mike Asensio, a labor lawyer at Baker Hostetler LLP in Columbus, Ohio.

The Labor Department probably will push for tougher enforcement of mine safety and other workplace rules, and pursue more litigation against employers accused of violating rules on the minimum wage, overtime pay, family and medical leave, and protections for temporary workers, said Charles Jellinek, a labor attorney at Bryan Cave in St. Louis.

Labor-Friendly Democrats

Unions also want Obama to put more labor-friendly Democrats on the five-member National Labor Relations Board, which determines whether employers violated laws on union organizing. Obama on Jan. 20 appointed former Teamsters union official Wilma Liebman to head the panel and is likely to appoint Democrats to two of three open seats, according to Livingston.

"Once that board gets up to five members, we are likely to see a reversal of policies in a direction that is less favorable to management than we saw under Bush," Livingston said.

These efforts may be the prelude to organized labor's push to pass the so-called Employee Free Choice Act. Republicans have vowed to block the measure, which would let workers form a union when a majority of them sign a card requesting one, rather than through a secret-ballot election.

While the president has said the U.S. should "level the playing field for workers and unions," he also has signaled that the more contentious legislation on labor's agenda may have to wait until he gets the economy back on track.

"If we're losing half a million jobs a month, then there are no jobs to unionize," Obama said last month in a Washington Post interview.

With 91 percent of union campaign contributions going to Democrats in the last two-year election cycle, labor is sensing that it's payback time, said Bob Lian, a labor attorney with Akin Gump Strauss Hauer & Feld LLP in Washington who represents companies.

"We're all surmising that unions have been so influential in electing Obama" that they will get what they want, Lian said.

To contact the reporter on this story: Holly Rosenkrantz in Washington at hrosenkrantz@bloomberg.net

2/20/2009 Traffic

AAR weekly report: North American railroads' traffic tune still holds sour note

U.S. railroads are six for six, and not in a good way. For the sixth-straight week in 2009, their traffic has tumbled compared with last year's pace.

During the week ending Feb. 14, U.S. roads originated 281,533 carloads, down 12.2 percent, and 191,410 intermodal loads, down 12.9 percent year over year, according to the Association of American Railroads (AAR).

Through six weeks, their carloads totaling 1.6 million units declined 16.1 percent and intermodal volume totaling 1.2 million units dropped 13.2 percent compared with totals from the same 2008 period. Total volume plummeted 14.9 percent to an estimated 171.4 billion ton-miles.

Canadian railroads remain on a bad roll, too. During the week ending Feb. 14, their carloads decreased 8.4 percent to 66,488 units and intermodal volume fell 3.8 percent to 43,302 units vs. totals from the same week last year. (Note: Canadian National Railway Co.'s recent acquisition of the Elgin, Joliet and Eastern Railway has resulted in some reporting changes that affect current totals and comparisons vs. last year, the AAR said.)

Through six weeks, Canadian railroads reported 373,036 carloads, down 15.6 percent, and 254,591 containers and trailers, down 10.2 percent.

Traffic isn't any better for Mexico's two largest railroads. For the week ending Feb. 14, their originated carload volume of 11,688 units dropped 6.1 percent and intermodal volume of 5,596 units decreased 6.9 percent compared with totals from the same week last year. Through six weeks, carloads remained down 13 percent at 63,822 units and intermodal volume remained down 19.4 percent at 27,855 units.

On a combined North American volume basis through six weeks, 14 reporting U.S., Canadian and Mexican railroads originated 2 million carloads, down 15.9 percent, and 1.5 million containers and trailers, down 12.9 percent year over year.

POLITICO

Obama plots huge railroad expansion

By: David Rogers

February 17, 2009 04:29 AM EST

Railroads made Chicago, and now a Chicago-rich White House wants to return the favor: remaking rail with a huge new federal investment in high-speed passenger trains.

The $787.2 billion economic recovery bill — to be signed by President Barack Obama on Tuesday — dedicates $8 billion to high-speed rail, most of which was added in the final closed-door bargaining at the instigation of White House chief of staff Rahm Emanuel.

It's a sum that far surpasses anything before attempted in the United States — and more is coming. Administration officials told Politico that when Obama outlines his 2010 budget next week, it will ask for $1 billion more for high-speed rail in each of the next five years.

Yet for all the high stakes, the pieces didn't fall into place until the end of deliberations on the recovery bill. And the way in which they did is revealing of the often late-breaking decisions — and politics — that shaped the final package.

As a candidate for president, Obama spoke of high-speed rail as part of his vision of "rebuilding America." Campaigning in Indiana, he talked of revitalizing the Midwest by connecting cities with faster rail service to relieve congestion and improve energy conservation.

"The time is right now for us to start thinking about high-speed rail as an alternative to air transportation connecting all these cities," he said. "And think about what a great project that would be in terms of rebuilding America."

But the administration never emphasized high-speed rail when the House Appropriations Committee was writing its bill in January, so no money was included. The first real request came only days before the Senate Appropriations panel marked up, and the committee had to scramble to find room for $2 billion — in part by cutting other Obama priorities.

See also

- Hoyer to Pelosi: Stand up to Senate
- Daschle, Obama aides join K Street
- Obama's new target: Washington

Last week, Emanuel greatly upped the ante, asking House-Senate negotiators for $10 billion for high-speed rail — far more than either bill provided.

"I put it in there for the president," Emanuel said in an interview. "The president wanted to have a signature issue in the bill, his commitment for the future."

Emanuel himself was excited by the idea, but the decision to wager so much on high-speed rail reflected the fact that other candidates for a signature Obama issue were fading.

Moderate Senate Republicans, whose votes were needed, were resisting the president's school construction initiative. Modernizing the nation's electric grid, another White House favorite, seemed to have lost some of its cachet.

High-speed rail sailed through with surprisingly little attention paid to the president's role.

The same Maine and Pennsylvania Republican moderates who had criticized Obama's school construction initiative were more accepting of the rail funds, since the Northeast corridor has a major stake in more improvements. To help pay for the added cost, a business tax break — providing a five-year carry back for net operating losses — was narrowed to keep the focus more on smaller firms with receipts of less than $15 million.

At the same time, conservative Republicans seemed almost blind to Obama's role. Instead, in their campaign to find pork barrel projects in the stimulus bill, they painted the whole funding as a scheme by Senate Majority Leader Harry Reid on behalf of Las Vegas interests seeking a rail link to Los Angeles. "Sin City to Tomorrow Land" was one description.

Here is Rep. Candice S. Miller (R-Mich.) explaining her vote against the bill Friday despite the benefits to her home state: "Michigan is a state of about 10 million people, and we are the hardest hit, as I said, by this economy. And yet we are expected to get approximately $7 billion from this bill. And apparently the Senate majority leader has earmarked $8 billion for a rail system from Las Vegas to Los Angeles? You have got to be kidding. You have got to be kidding."

In fact, there's little evidence that Reid had a decisive role, although he was happy to see his name mentioned for the sake of voters at home.

"It's amazing. I'm stunned," he said in an interview Friday, hours before the bill passed Congress. "I'm glad I get the credit in Nevada, but this is Obama's No. 1 priority. This is his legacy issue out of this bill, because we need these high-speed corridors. ... I'll take credit but frankly didn't have much to do with it other than carry forward with what Obama wanted."

Big hurdles remain. Critics already argue that the money is misplaced in a stimulus bill since it will be hard to spend quickly. Much depends on winning the cooperation of Class 1 freight lines that control many of the rights of way outside the Northeast.

But it is a landmark transportation investment with regional effects in almost every corner of the nation. Just last October, former President George W. Bush signed a bill authorizing up to $1.5 billion for high-speed rail through 2013. Obama's commitment in the same period will be eight times that.

Transportation Secretary Ray LaHood is given 60 days to come up with a strategic plan for the funds. The combination of large capital upfront — followed by annual appropriations — fits the prototype for the infrastructure bank once considered for, but never included in, the recovery bill.

"High-speed rail is the infrastructure bank," said Emanuel, and the legislation gives LaHood discretion to assign "priority to projects that support the development of intercity high-speed rail service."

There is some precedent. At the height of the New Deal, FDR's Public Works

Administration played a role in persuading the Pennsylvania Railroad to complete the electrification of its Washington-New York line and finish Philadelphia's 30th Street Station. Today, the government could make capital investments that both benefit freight operations and facilitate high-speed passenger service. With the drop in freight traffic, the railroads might be more cooperative, although they are sure to want some liability protection for accidents.

FreightCar America "strongly" positioned for downturn

February 18, 2009

FreightCar America President and CEO Chris Ragot says the company expects "a significant reduction in railcar deliveries" in 2009, but after a strong finish in 2008 is well-positioned to ride out the downturn.

Fourth-quarter 2008 earnings increased 12% to $8.3 million over earnings of $7.4 million for the third quarter of 2008 and were up substantially over a loss of $16.6 million in the fourth quarter of 2007, which was mainly due to costs of $30.8 million connected with the closing of a plant in Johnstown, Pa., said the company in a financial report Tuesday.

"Despite the difficult business environment, we are very pleased with our financial results," said Ragot. "Our team was able to take advantage of year-end customer demand while delivering on important initiatives to strongly position us to weather this industry downturn." He said efforts will continue to "aggressively" reduce expenses.

FreightCar America had a backlog of 2,620 cars on order as of Dec. 32, 2008, compared to a backlog of 5,399 cars on Dec. 31, 2007.

2/17/2009 Labor

USDOT's new drug testing rule still tied up in federal court

The U.S. Department of Transportation's new drug testing rule that's been on hold for months while one Class I and eight rail labor unions challenge the rule's implementation in court is heading for an appellate court review. A hearing will be held on March 26.

The rule would require rail and transit workers to be observed when providing a urine sample for mandatory drug tests, including all return-to-duty cases following a positive drug test, and follow-up tests after a positive drug test.

BNSF Railway Co. and the Brotherhood of Locomotive Engineers and Trainmen (BLET), Brotherhood of Maintenance of Way Employes Division, American Train Dispatchers Association, Brotherhood of Railroad Signalmen, Transportation Communications International Union, International Brotherhood of Electrical Workers, National Conference of Firemen and Oilers, and United Transportation Union oppose the rule, which they refer to as an "invasive and degrading strip-search drug testing regulation."

They believe rail and transit workers shouldn't be observed while providing a urine sample without reasonable suspicion, and that the rule violates the Fourth Amendment, which protects against unreasonable searches.

"The DOT admits that its only evidence in support of strip searches and mandatory direct observation is anecdotal, proving once again that the new rule is a solution in search of a problem," said BLET National President Ed Rodzwicz in a prepared statement.

In August 2008, the Class I and unions obtained a motion in a U.S. circuit court to delay the rule's implementation from a planned Aug. 25 effective date to Nov. 1. The U.S. Court of Appeals for the District of Columbia later issued a second delay, and the rule has remained on hold pending court action.

How Norfolk Southern will spend $1.4 billion

Norfolk Southern's 2009 capital spending program, totaling$1.412 billion, is the railroad's second-largest in five years. It is exceeded by 2008's $1.556 billion, but tops expenditures of $1.341 billion in 2007, $1.178 billion in 2006, and $1.025 billion in 2005.

Roadway will get $698 million of the new capital budget, with infrastructure improvements claiming $170 million; facilities and terminals, $142 million; locomotives, $79 million; freight cars, $45 million; and a variety of other projects, $213 million.

An outline of the 2009 capital budget was part of NS's presentation at the BB&T Transportation Services Conference on Jan. 12.

At an earlier analysts' meeting, Deb H. Butler, executive vice president planning and chief information officer, said that the budget could be adjusted "if business conditions are substantially worse than forecast." One of the goals of the 2009 spending plan is to "support the growth we continue to expect in future years," with special emphasis on the intermodal market, she said.

Weekly freight traffic still trailing 2008 levels

Freight traffic on U.S. railroads during the week ended February 7 was off again in comparison with last year, although "up slightly" from the previous week ending Jan. 31, according to the Association of American Railroads. Total volume of 28.2 billion ton-miles was 15.1% lower than the comparable week in 2008.

U.S. carload freight slumped 16.1% from the comparison week in2008, with loadings down 12.2% in the West and 21.6% in the East. But compared with the previous week of this year, carload volume was up 1.4%. U.S. intermodal volume fell 15.0%, but was up 0.9% from the previous week this year.

For the first five weeks of 2009, U.S. railroads cumulative volume was down 16.7% from 2008; cumulative intermodal traffic declined 13.3%.

Canadian carload freight 15.1% during the week compared with the comparable period in 2008, while intermodal fell 7.6%. For the first five weeks of 2009, Canadian railroads reported cumulative volume declined 18.1%, while cumulative intermodal fell 11.3%.

Mexico's two major freight railroads reported weekly carload freight down 5.9% from last year's fifth week, while intermodal retreated by 4.8%. Cumulative volume on Mexican railroads for the first five weeks of 2009 was down 13.6%; cumulative intermodal fell by 20.4%.

Combined North American rail volume for the first five weeks of 2009 on 14 reporting U.S., Canadian and Mexican railroads was, down 16.9%; combined intermodal traffic for the period declined 13.1% compared with the comparable five-week period in 2008.

The New York Times

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A Likely Auto Adviser Is Strong in Union Ways

By STEVEN GREENHOUSE and STEPHANIE ROSENBLOOM

In the 1990s Ron Bloom did what many Wall Street investment bankers wish they had done decades ago: he walked away.

His intention was not to write the great American novel or retire early. Rather, he went to work in Pittsburgh for the United Steelworkers, the nation's largest manufacturing union.

With that move, Mr. Bloom, now expected to be President Obama's pick for senior adviser to the Treasury Department on the auto industry crisis, did not exactly surprise his friends. In college, Mr. Bloom was outspokenly pro-union, and he had an aunt who was a leader of the teachers' union and a great uncle who had been active in the bakers' union.

The steelworkers' union welcomed him and his Harvard M.B.A. because he knew how to talk restructuring and debt rescheduling. As a result, he could be just as knowledgeable — and cocksure — as the financial advisers management hired.

As a special assistant and strategic adviser to the steelworkers' president, he grappled with many of the problems plaguing Detroit's automakers. He helped the union revive bankrupt companies and consolidate the nation's steel makers to make them profitable — and to save jobs.

"He's going to Washington to help the administration sort out problems, and that's his gift," said Leo W. Gerard, president of United Steelworkers. "Ron has been a problem solver. He has worked on 50 bankruptcies over the last 20 years. He has a lot of experience and knowledge. There's a big problem — we want to save the auto industry in America — and that's what Ron is going to help them do."

Mr. Bloom, 53, developed the union's restructuring recommendations in negotiations with several beleaguered steel and tire companies with the aim of helping them survive while minimizing pain for their workers. Moreover, he is one of the nation's foremost experts in the special, separate health plans for retirees that his union and the U.A.W. have established with various financially stretched companies.

"His main achievement has been to provide the union with an understanding of corporate finance and investment banking that is often superior to the corporate managers' he's dealing with," said Marco Trbovich, former assistant to the steelworkers' president and the labor director for John Kerry's 2004 presidential campaign.

The steelworkers' union is one of the nation's most muscular, helping to deliver Pennsylvania and Ohio to Mr. Obama, pushing for Buy America provisions in the stimulus package and pressing politicians to renegotiate the Nafta trade agreement. With 800,000 members, it is larger than the U.A.W., representing not just steelworkers, but paper, aluminum, oil, chemical and rubber workers.

In the early 1990s, Mr. Bloom, who graduated from Wesleyan University, was co-founder of the boutique investment firm Keilin & Bloom, He specialized in transactions on behalf of major unions, including the steelworkers, auto workers, Air Line Pilots Association and International Brotherhood of Teamsters.

Before that he was a vice president at the investment banking firm Lazard Frères & Company, where he worked on mergers and acquisitions, restructuring and divestitures, with a focus on union-related transactions.

Mr. Bloom did not return several telephone calls, and a union spokesman, Gary Hubbard, said Mr. Bloom was not giving interviews.

Michelle Galanter Applebaum, who got to know Mr. Bloom in the 1990s when she was a managing director at Salomon Brothers, said he was different from other investment bankers because of his unusual interest in helping workers, unions and beleaguered industries.

"He felt he could play a meaningful role of fixing it from the inside," said Ms. Galanter Applebaum, who is now managing director of Steel Market Intelligence. "He is a passionate, committed guy, totally idealistic."

For all his accomplishments in the steel industry, Mr. Bloom is not well known in the auto industry. The Treasury Department has not been clear about exactly what role he will play. After the giant steel makers the LTV Corporation and Bethlehem went bankrupt early this decade, Wilbur L. Ross Jr., the financier, sought to acquire their steel mills and employ many of their workers, without having to pay for retirees' health coverage.

Mr. Bloom, working with Mr. Gerard, negotiated with Mr. Ross to form a VEBA, a Voluntary Employee Beneficiary Association, in which a percentage of the profits from Mr. Ross's company, International Steel Group, would go to the VEBA to help finance prescriptions for the retirees.

"I found him first of all very, very pragmatic, not overly ideological," and "a very, very good negotiator," Mr. Ross said.

He added that Mr. Bloom, who has moved seamlessly between labor and corporate finance — was not one to make lopsided deals.

Mr. Trbovich, the former steelworkers' official, said that once when Mr. Bloom was negotiating with Mr. Ross, "he laid out a whole different way to look at a financing proposal than the one that was under discussion."

"Ross listened attentively, and when Ron was done, Ross said, 'The force is with the young man,' " Mr. Trbovich said.

Mr. Gerard, the union's president, said Mr. Bloom would represent not the U.A.W.'s members, but the Obama administration in seeking to assure a future for the nation's automobile industry.

Mr. Gerard told of a meeting with 40 bankers in which a highly paid McKinsey consultant put together a business plan for a steel company "that was going to beat the hell out of the workers."

"Ron asked, 'Doesn't this number belong here and doesn't that number not add up,' and Ron slowly dismantled this guy's business plan to show it was a house of cards," Mr. Gerard said.

"Ron knows how to separate the bull from reality."

Louis Uchitelle, Michael J. de la Merced and Bill Vlasic contributed reporting.

2/13/2009 Traffic

AAR: U.S., Canadian roads' traffic remains down in February's first week

U.S. railroads' traffic report for February's first week isn't showing any signs of a turnaround. During the week ending Feb. 7, their carloads totaling 265,143 units plunged 16.1 percent and intermodal volume totaling 191,511 units plummeted 15 percent compared with totals from 2008's fifth week, according to the Association of American Railroads.

Through the year's first five weeks, U.S. railroads originated 1.3 million carloads, down 16.7 percent, and 979,626 containers and trailers, down 13.3 percent compared with totals from the same 2008 period. Total volume dropped 15.6 percent to an estimated 141.5 billion ton-miles.

Canadian railroads had a tough week, too. During the week ending Feb. 7, their carloads fell 15.1 percent to 63,517 units and intermodal volume declined 7.6 percent to 42,713 units compared with last year. Through five weeks, Canadian roads originated 306,548 carloads, down 18.1 percent, and 211,289 intermodal loads, down 11.3 percent year over year.

Meanwhile, Mexico's two largest railroads fared slightly better. During the week ending Feb. 7, their carloads totaling 10,475 units dropped only 5.9 percent and intermodal volume totaling 4,773 units dropped only 4.8 percent vs. last year's totals. However, through five weeks, their carloads totaling 52,630 units remained down 13.6 percent and intermodal volume totaling 22,724 units remained down 20.4 percent.

Combined North American volume data through five weeks shows 14 reporting railroads originated 1.7 million carloads, down 16.9 percent, and 1.2 million containers and trailers, down 13.1 percent compared withy totals from the same 2008 period.