

### ***Is it Time for U.S. Rail Workers to Consider Railroad Nationalization?***

The railroads of many countries are now - or have been at one time - nationalized; i.e., owned by the government in some form or other. In Europe following the Second World War, many countries nationalized their railroads. The citizenry saw them as too vital to the public good, and too abused by profit driven corporations, to be left to the whims of private ownership. The decision was made to run them in the public interest like any other public utility; e.g., highways, water, sewage, waterways, gas & electric, etc. Likewise, the Mexican railroads were nationalized in the 1930s, and the biggest railroad in Canada - Canadian National (CN) - was created by the Canadian government in 1919 when it took control of a number of smaller railways. (Both have since been returned to private ownership).

It may come as a surprise to many railroaders, but even here in the US, the railroads were nationalized for a brief period during World War I, when in 1917, it was declared that the railroads were incapable of coordinating the movement of freight and passengers efficiently, thereby hindering the war effort. After the armistice, the rail labor unions wanted to retain state control, but the government opted to return them to private investors in December 1918. In a referendum of railroad workers conducted at the time, 306,720 out of 308,186 (more than 99%) voted to keep the rails under government control. They supported a concept known as *The Plumb Plan*, named for attorney Glenn E. Plumb, under which the railways would be owned cooperatively. The federal government would sell bonds and use them to purchase the railroads. All railroads would be merged in a public corporation. Rates would be set by the Interstate Commerce Commission. The government would be paid 5% of revenue as a rental fee. Half of the profits would be given to the employees of the railroad and the other half would be used to retire the bonds.

The plan called for a board of directors with 15 members to control the railroad. The U.S. President would appoint five members, who would represent the public. The workers would elect five members, and management would elect five. The rail administration would be tripartite, including representatives of workers' unions, shippers' organizations, and bondholders. The plan showed how the interests of workers and farmers in the national transportation system could be protected. The Plumb Plan would supplant the old system of competition, under which the profits of the laborer's industry went to investors, by a new system where the profit of the industry would accrue to the workers - where "all employees were united by a common purpose, all working toward a common end, inspired by the same motives, by the same incentives," now that they controlled their industry.

The Railway Employees' Department (RED) of the American Federation of Labor (AFL), along with other rail unions including the BLE, staunchly supported the Plumb Plan, stating that workers should be given an incentive to make their industry productive, and provided a reward for their effort. Likewise, the delegates to the National AFL Convention in 1920 voted 3-to-1 to nationalize the railroads and place them under democratic management.

Fast forward one hundred years to today. The rail industry has not changed its spots, and like the Robber Barons of old, the Class I CEOs are running roughshod over their workers, passengers, shippers and the communities they serve. Precision Scheduled Railroad (PSR) is the latest gimmick that the railroads are using to extract more value from their workers and gouge their shippers, all the while returning vast sums to private investors, most of whom know nothing about the railroad, and care

even less about its long-term viability. One could make the argument that today's Wall Street modern day Robber Barons are even worse than their predecessors, since those of one hundred years ago actually had an interest in the long term viability of the railroad, and sought to expand its reach rather than contract it, as today's hedge fund investors are doing.

Sadly, over the last century, the only railroad infrastructure inherited by the public sector is that part which the rail industry had run into the ground, abandoned, and otherwise wished to cast off; i.e. passenger and commuter trains, branch lines and industrial trackage. The unions of course eventually fell into line, casting off any residual impulse to support public/worker ownership, pledging their allegiance to the Corporate States of America. And the biggest and most powerful railroads have consolidated their power, leaving just seven mega-systems remaining to control the vast majority of freight traffic in all of North America.

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But there are rumblings of discontent. Shippers are petitioning for regulatory assistance, displeased with service levels, a lack of rail cars, exorbitant rates, skyrocketing demurrage charges and more. Rail workers are angry, losing their jobs to new technologies, job combination, automation, longer working hours, declines in maintenance, harsh discipline and a steep decline in freight shipments. Morale is at an all-time low. Meantime, numerous citizens groups are clamoring for rail investment. They want more freight and passenger services, not less, and envision the nation's railroads as an invaluable asset, one to be vastly expanded, not contracted. In the face of climate change, environmental degradation, along with overcrowded, dangerous and crumbling highways, they know that a rail renaissance is imperative. Sadly, the rail industry is oblivious to all of this, seeking instead to scale back, retrench, and serve the short-term interests of a small group of privileged stockholders.

What does the future hold for the rail industry? Is our future to be dictated by Wall Street? Will Amtrak continue to limp along, underfunded and undercapitalized? Will carload shipments vanish completely, leaving most of the high value-freight to the highway, with just the low-value bulk commodities remaining for the railroads? Will the nation's shippers, rail workers and citizens stand for this irresponsible and unpatriotic behavior?

Our jobs, our livelihoods, and our industry are all on the line. Can we trust hedge funds, stockholders, CEOs and Wall Street to best defend our interests? PSR might just be the tip of the iceberg. What might be next? Before he died, the late Hunter Harrison spoke of single-tracking the once four-track mainline of the New York Central west of Albany, NY, and selling off the former B&O mainline through the Allegheny Mountains to a non-Class One operator. Are these and other insane actions what the rail industry has in store for us? Perhaps it is time for us to reconsider some form of re-regulation, government oversight, or even outright nationalization along the lines of the Plan envisioned by Glenn Plumb one hundred years ago.