

# PARTNERSHIP(\$)

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As Legislative Representatives, we thrive on the process of converting problems into opportunities. Thankfully, the August Albuquerque BLET Western Convention proved to be an excellent network to help in our process of problem conversions. Believe it or not, at these Conventions it's even possible to stumble across opportunities where you didn't even know a problem existed, as I will show a little further on. Firstly, however, we need to network what I believe is the most important point made by President Hahs, which occurred during the Opening Ceremony.

Our President Hahs outlined the absolute need, as well as the realistic strategy, to bring about a single Union partnership for over 150,000 U.S. and Canadian rail employees. Absolutely crucial to this point, is the real prospect for "lone-man" freight train operation, which is how trains are run virtually everywhere else on earth. As with BellyPack, a weak and weakening U.T.U. will be desperate to do anything in order to represent the "lone-man" freight train contract. If we allow history to repeat itself, the Carriers will fully exploit the U.T.U. against the BLET in a race to the bottom contract bidding war. Obviously and instead, a single Union would assure a good contract and a good job for the "lone" person left. A single Union would obviously be in the better position to negotiate and/or legislate "lone-man" freight train length limits. A single Union could help postpone "lone-man" operations until all safety concerns were fully addressed. A single Union might simply just say "no"! As you can see, this is common sense stuff better appreciated by other rail crafts having already joined our organization, yet whose members have neither as much to gain nor as much to conserve as do the trainmen. Fortunately, the U.T.U. knows all this. Unfortunately, the decision to merge will not be based on what the vast majority of U.T.U. people at the bottom will keep, but instead, will be based on what the U.T.U. few at the top will lose, which is responsible for 99% of history repeating itself.

Fortunately or unfortunately, also, is the fact that most BLET members, myself included, like and respect their fellow U.T.U. brothers and sisters as much as they do their own, which makes a necessary "shotgun wedding" merger all the more unpleasant. Because of this, I wouldn't want to unnecessarily rile or offend U.T.U. members by sharing the realistic merger strategies learned at the Convention. It is not my place, at this time, within this article.

Otherwise, a single R.R. Union with over 150,000 members is a partnership vision indeed! Instead of being a group of divided, hence conquered rail crafts, who need to forever beg, we would instead be a single, co-hesive partner of top R.R. management. As such, over 150,000 members doing 100 per-cent of the R.R. work will enable us to be more than just

token partners in such things as their token diversity councils. (No offense intended.) In fact, with over 150,000 in strength, we would have the organization to create a Union invested and/or publicly traded R.R. Mutual Fund for the purpose of strategically buying enough R.R. stock to install our own members on each of the Carrier's Board of Directors, in order to be truer partners, yet! This concept could very well prove to be one of the most important dividends of a single R.R. Union in addition to its stock dividends.

Though this concept of stock ownership seems like common sense, its origin was the result of a very privileged and appreciated conversation I had with our National Secretary-Treasurer, Bill Walpert, at the Albuquerque Convention. Over dinner, Mr. Walpert shared with me the glory days of our Union, when we were called the "Aristocrats of Labor". I learned how we once owned commercial office buildings across the Nation prior to the Great Depression. We even had a Florida retirement resort community with its own BLE money. Mr. Walpert and I agreed that our Union must have enjoyed the true economic respect of top R.R. management in those glory days. To me, this was a problem, hence opportunity, I didn't know existed, which is to ask, how do we make up for the "opportunity cost" of no longer enjoying that kind of economic clout, over 70 years later? To buy back all that real estate together with all of its details, by means of our 150,000 members, would be too cumbersome and risky. Far simpler, direct, expedient and even more prestigious would be the "Union R.R. Stock Mutual Fund", hereinafter called the "Fund".

Please remember that one share of stock equals one vote, which reminds me of our main sales pitch of "one man equaling one vote", as we've converted U.T.U members over to the BLET. The difference, here, in the case of R.R. stock ownership, 150,000 R.R. employees could easily control and/or accumulate 87,000,000 shares of stock, hence 87,000,000 votes, which equals a mere average of 580 shares per Union member. The 87,000,000 shares, in our actual case, relates to the 5% ownership level, of the common R.R. stock outstanding, needed to secure a Seat on each of the 7 Carrier's Board of Directors. Per member, this is low finance at its best. For 150,000 members, this is high finance at its best.

Here's the math: (KCS 62 mil shares + CP 158 mil shares + CSX 214 mil shares + UP 259 mil shares + CN 285 mil shares + BNSF 372 mil shares + NS 393 mil shares) x 5% needed ownership + 150,000 members = 580 shares per Union member. As for the cost of 580 shares per member, here's the math: Multiply the number of shares listed above times the closing price as of 10-13-04, which is \$15.51 for KCS, \$27.00 U.S. for CP, \$34.24 for CSX, \$60.33 for UP, \$48.81 U.S. for CN, \$39.40 for BNSF and \$30.72 for NS. The tally of this is \$68,821,000,000 x 5% needed ownership + 150,000 members — \$22,666 per Union member. To double check our math: \$68,821,000,000 share value — 1,743,000,000 shares = \$39.08 per share weighted average. \$39.08 x 580 shares = \$22,666 per Union member at current prices. The math checks.

As you can see, spread over a ten year period, your annual investment in the "Fund" is well within your IRA, as your separate property from the Union. Better yet, once Wall Street hears "the Union is coming", "the Union is coming", there could be a temporary sell-off of a Carrier's stock, which will accelerate the "Fund's" ability to buy even more of it. For more acceleration, sell shares in the "Fund" to the general public. For more acceleration, those of us who own R.R. stock in IRA's, Roth IRA's, SEP IRA's, 401k's and in portfolios otherwise, could assign their stock voting rights, by way of 'h)roxy", to the Directors of the "Fund".

For more acceleration, buy stock in the smallest publicly traded Class I R.R. first. With enough of its shares accumulated to secure a Seat on their Board, sell a sizeable fraction of the stock and "roll over" the sale proceeds into the stock of the next larger R.R. etc., etc. until all the Carriers were so represented by at least one Of our Union members on each of their Boards. With this Director placemepht phase completed, the "Fund" could then go on to invest in whichever Carrier(s) it deemed to have the greatest appreciation potential, thereafter.

The R.R. Board Directors we appoint to represent the "Fund" should not be employees of their own carriers. For an employee to wear both "hats" could result in many conflicts of interest. Further, the Directors so appointed should not serve with a carrier, which is the primary competitor of his/her employer R.R., so as to avoid the befrayal of sharing trade secrets or other proprietary information, which could be harmful to his/her employer R.R. In other words, the eastern carriers should have "Fund" Directors from the western railroads, and the western carriers should have "Fund" Directors from the eastern

In case you didn't know, Board Directors can earn in the range of \$100,000 per year for attending a handful of meetings plus the accompanying studies. Typically, corporate bylaws forbid their employees from earning this Director salary. This is meant for their one or two highest company executives, who might serve on the Board. This is yet another reason why our Board appointees need to be employees of the "Fund" and not Of their respective employer carriers. As such, our appointed Directors will need to pass-thru their Board salaries to the "Fund" to fin-ther benefit and accelerate it, which will also serve to lessen conflict of interest concerns.

In conclusion, I could run on with more "Fund" strategies, but suffice it to say that our carriers plot and scheme against us within their private Boardrooms. Publicly, on the other hand, our carriers praise us, and ask for our tokenist involvement in such things as their "diversity programs". This duplicitous behavior reminds me of the parent who overly loves his/her child in public, only to turn around and abuse the same child in private. With our members serving on their Boards, the metaphoric child (the Union) will be on a more equal footing with the metaphoric adults (the carriers). Of significant note is the fact that Japanese corporations make an ordinary custom of including a "Blue Collar" on their corporate Boards. Obviously, they have a far better understanding of some diversity issues, when compared to their American counterparts!

Thanks Again.