The day the buses stopped running

Like the U.S. airlines, Greyhound bus lines intends to bust wages, then "re-regulate" the sector.

When the Greyhound Corporation's contract with the Amalgamated Transit Union covering 20 percent of the company's workers ran out on Oct. 31, there were no further negotiations. The company handed the employees a take-it-or-leave-it package that the company says would cut wages by 17 percent. The union offered a wage freeze; the company placed ads for driver, ticket agent, and mechanic positions that "may become available in the event of a work stoppage."

The 12,700 union members, forced to strike, watched as thousands of unemployed lined up to apply for their jobs across the country. The company gave the employees until Nov. 14 to decide whether to accept its terms or be replaced. The company claims that is has received over 20,000 applications and that a substantial portion of the strikers will return to help train the newly hired "scab" workers.

Greyhound's public reason for its hard line is that it is being badly hurt by deregulation—the very policy that it championed "since the beginning" according to corporate relations chief Don Behnke. "We backed deregulation from the beginning. We wanted total deregulation—not piecemeal, state-by-state deregulation. We demanded and got federal deregulation."

Greyhound knew what deregulation meant. The state of Florida had previously deregulated, allowing anyone with a bus and minimum insurance to enter charter service—the most profitable part of the business. Greyhound took a beating but continued to press for deregulation.

Since November 1982, when bus deregulation became law, over 1,400 bus operating authorizations have been issued by the Interstate Commerce Commission. Half have been for charter service, with many of the small one- to three-bus companies using MCI buses, which are produced by a subsidiary of Greyhound itself.

The Greyhound strategy is threefold: reduce wages by 35-40 percent through an elaborate scheme of lower wages for newly hired workers; abandon as much rural service as the localities or states will allow; then either ease out of the bus business or lock up the most profitable routes after the industry has been "re-regulated."

"Perhaps there will be re-regulation," said Behnke. "First it will be the airlines, then us."

But re-regulation is not envisioned before the industry has been thoroughly "de-unionized" and wages chopped by 35-40 percent. Under the company plan, the employees would receive 17.5 percent less in gross wages (a 9.5 percent pay cut plus loss of some benefits, holidays and vacation time) and newly hired employees would come in at 25 percent less than entry wages under the contract that expired Oct. 31. According to Behnke, however, the company has "labor costs 30-50 percent higher than the other bus companies," indicating the company's eventual target wage levels.

Company wages are not high—and certainly not at levels claimed by the company. It was found, for example, that a top grade diesel mechanic working full time (2,080 hours a year) makes $10.57 an hour, $3 to $5 less than at truck repair shops.

The company is taking advantage of deregulation to eliminate local and rural stops. Greyhound has already received approval for elimination of 1,100 stops or about 8 percent of the passenger pickup or discharge spots. "This has been a real benefit of deregulation. Previously we had to service rural and local stops in order to get the franchise," explained Behnke.

Dropping stopping points and routes may mean the company is on an accelerated course out of the bus business altogether. Since the early 1950s, the company has reduced its bus fleet by more than a thousand and its route miles by about 20 percent. Today bus operations account for less than 20 percent of the company's revenues, the result of a 20-year diversification run by directors close to Lehman Brothers investment bank and Morgan Guaranty Trust.

When the long-time president, Orville Caesar, was put out to pasture, the new crowd reorganized Greyhound as a holding company and began acquisition of equipment and computer leasing companies (through Swiss and British subsidiaries), as well as insurance, food services, and consumer products companies. Vervex Corporation is the second largest private residential mortgage insurer in the United States, while Travelers Express is the third largest money-order vendor.

The current chairman, John Teets, is well known for forcing extensive wage cuts at the Armour Food division before it was recently sold off, putting the workers out of the Meatpackers' master contract.