

REPORT OF PRESIDENT'S EMERGENCY BOARD

Appointed October 30, 1937, to deal with matters
in dispute between the Pacific Electric Railway
Company and certain of its employees represented
by the Brotherhood of Railroad Trainmen

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1937

**REPORT TO THE PRESIDENT BY THE EMERGENCY BOARD
APPOINTED OCTOBER 30, 1937, UNDER SECTION 10
OF THE RAILWAY LABOR ACT**

*In re the Pacific Electric Railway Co. and certain of its employees
represented by the Brotherhood of Railroad Trainmen*

On November 22, 1937, the following telegram was dispatched to the President :

The PRESIDENT,

The White House, Washington, D. C.:

The Emergency Board appointed pursuant to your proclamation dated October 30th to investigate and report upon the dispute between the Pacific Electric Railway and certain of its employees represented by the Brotherhood of Railroad Trainmen is pleased to report that the threatened interruption of interstate commerce in the State of California has been definitely averted. In conformity with the spirit of the Railway Labor Act, the parties have this day signed an agreement composing their differences and disposing of the entire controversy. This happy outcome was made possible, despite the serious character of the dispute and the real difficulties involved in its adjustment, because of the genuine desire of both the management and the men to effect a sound and peaceful solution, and their sincere cooperation with this Board in its efforts to assist them in the exploration of all the possibilities for such a solution. **In** light of all the circumstances surrounding it, the settlement reached is deemed to be fair and reasonable from the standpoint of all concerned. Our full report will be submitted to you in due course.

I. L. SHARFMAN, *Chairman.*
DEXTER M. KEEZER
JOHN P. DEVANEY.

The agreement referred to in this telegram was reached after extended hearings, followed by a series of private conferences with the parties and executive sessions of the Emergency Board. With all members present, the Board organized on November 5, 1937, selecting I. L. Sharfman as chairman. All meetings of the Board were held at the Biltmore Hotel, Los Angeles, Calif. The public hearings extended from November 5 to November 13 ; the private conferences and executive sessions extended from the adjournment of the public hearings to November 22, when the dispute was adjusted and the interruption of interstate commerce definitely averted.

Appearances on behalf of the employees were entered by D. A. MacKenzie, vice president of the Brotherhood of Railroad Trainmen ; C. T. Nolan, chairman, general committee, Pacific Electric Railway Co. Hugh W. Wilkins, secretary, general committee, Pacific Electric

Railway Co.; and Henry P. Melnikow, Pacific Coast Labor Bureau. On behalf of the carrier, appearances were entered by O. A. Smith, president of the Pacific Electric Railway Co.; G. F. Squires, general superintendent, Pacific Electric Railway Co.; A. C. Bradley, assistant general manager, Pacific Electric Railway Co.; and Frank Karr, vice president and chief counsel, Pacific Electric Railway Co.

The first collective bargaining agreement between the Pacific Electric Railway Co. and its train-service employees was negotiated with the Brotherhood of Railroad Trainmen in December 1934, following a process of mediation in which the full membership of the National Mediation Board, sitting in Los Angeles, had participated. The full agreement was signed March 9, 1935, and became effective March 16, 1935.

The dispute investigated by the Emergency Board and brought to adjustment was the outcome of efforts on the part of the employees represented by the Brotherhood of Railroad Trainmen to secure revision of this agreement of March 16, 1935. These efforts were initiated October 28, 1936, by notice to the carrier, in conformity with the provisions of the agreement and of the Railway Labor Act, of the desire of the Brotherhood to enter upon negotiations to revise the agreement with respect to wages and working conditions. These negotiations were entered upon in due course and were continued to August 7, 1937, but without attaining a mutually acceptable basis of agreement. Thereupon, between August 21 and August 25, a strike ballot was taken by the train-service employees of the Pacific Electric Railway Co. and the motor-coach operators of the Motor Transit Co. (a wholly-owned subsidiary of the Pacific Electric Railway Co.), with the result that withdrawal of the men from service was authorized by the Brotherhood for 2 o'clock a. m., August 28, 1937. When, on August 26, the carrier invoked the services of the National Mediation Board, the strike order was postponed, and from early September until October 12, Mediator William F. Mitchell, Jr., strove diligently to bring the parties to agreement. On the latter date, upon failure of the mediator to compose the differences between the parties, the National Mediation Board proposed arbitration. The Brotherhood accepted the proposal the following day; the carrier, after a week's lapse, sought to limit any arbitration proceedings to certain wage rates in the passenger service suggested during mediation, and subsequently declined to submit to arbitration all the issues in dispute as they had developed. Thereupon, on October 26, the National Mediation Board notified the parties that all practical methods for adjusting the dispute through its services had been exhausted, and that its services were therefore terminated as of that date. In these circumstances, on October 28, 1937, precisely 1 year from the date when the request for revision of the agreement of

March 16, 1935, was first made, the Brotherhood notified the carrier that the original strike order would be made effective, and the train-service employees of the carrier instructed to withdraw from service at 2 o'clock a. m., November 2. It was the substantial interruption of interstate commerce thus threatened which occasioned the creation of this Emergency Board, pursuant to the provisions of section 10 of the Railway Labor Act.

With some 1,800 employees involved in the dispute, and with the .service of the carrier (which operates about 1,100 miles of track and about 650 miles of motor-coach routes) embracing a vast amount of local and interurban transportation of passengers (85,861,802 pas-sengers during the year 1936) and the carriage of a large tonnage of intrastate and interstate freight (67,431,588 ton-miles in 1936) , the threatened interruption of operations presented a problem of first magnitude to the people of Los Angeles and 57 other municipalities in southern California served by the carrier. The parties were not unmindful of the great public importance of their dispute, but because of the multiplicity of the issues involved and the financial weakness of the carrier the efforts to compose their differences through negotiation and mediation prior to the creation of the Emergency Board proved futile. - However, the mutual appreciation of these difficulties which developed in the course of the Emergency Board proceedings paved the way for the settlement which was finally effected.

The record in these Emergency Board proceedings, which is made a part of this report, is an extensive one, comprising 1,216 pages of testimony and 123 exhibits, many of which are rather voluminous. In Organization Exhibit No. 3 (124 pages) and in Carrier Exhibit -CC (80 pages), the numerous questions at issue are set forth in detail, in terms agreed upon by the parties. In view of the nature of the settlement, it is unnecessary to catalog these issues or to analyze the evidence presented in support of the respective positions of the parties. It suffices to report that, despite the unusual difficulties confronting the parties and the Board, the carrier and the Brotherhood, proceeding in the spirit indicated in the telegram addressed to the President November 22, 1937, arrived at the following agreement- on that date :

MEMORANDUM OF UNDERSTANDING

NATIONAL MEDIATION BOARD CASE NO. A-4 11

In settlement of wage matters in dispute in National Mediation Board Docket Case No. A 411 it is mutually understood and agreed between the parties signatory hereto that the dispute involving the

Brotherhood of Railroad Trainmen and the Pacific Electric Railway Co. and Motor Transit Co. is disposed of as follows:

Witnesseth:

1. It is agreed that the following rates of pay shall be established for trainmen in passenger service, effective December 1, 1937:

	Rates in cents per hour		
	Local or street-car service	Interurban service	Motor-coach operators, 1-man car operators and single-track service
Conductors and motormen:			
First 3 months' service -----		65	
Next 9 months' service -----		66	
Second-year service -----	66	68	73
Third-year service and thereafter -----	00	70	75

NOTE.—Interurban rates of pay will apply to box-motor and line-car assignments unless operating on designated °single-track lines, in which case single-track rates will be allowed only for time actually put in on single-track lines as provided in articles 18 and 19 of present agreement.

In applying the above rates of pay during the month of December 1937, it is agreed that said increased rates will be subject to the rules of the present effective agreement.

2. It is agreed that the rates of pay shown in item 1 hereof shall be applied from August 1, 1937, and retroactive adjustment will be made by the carrier for period August 1, 1937, to November 30, 1937, inclusive, on basis of the difference between the hourly rates applied under current agreement and the increased straight time hourly rates established to become effective December 1, 1937, for the respective classes of service performed, same to be computed on actual hourage worked and disregarding penalty overtime rates.

Nom.—In computing retroactive adjustment, the total number of hours actually allowed, segregated by classes of service performed, shall be determined, to which there shall be applied the amount of difference in pro rata rates involved, which will produce the amount of back pay to be made.

3. It is agreed that the following rates of pay shall be established for trainmen in freight service, effective October 1, 1937:

Class	Rate per day	Straight-time hourly rate	Time and one-half overtime hourly rate
Footboard yardmaster 1 -----	\$7.98	\$0.9975	\$1.4963
Conductors -----	7.58	.9475	1.4213
Brakemen -----	7.06	.8825	1.3238
Motormen and/or engineers operating steam, electric, or other power -----	² 7.60 ³ 7.77	.95 .97125	1.425 1.4569
Trolleyman -----	6.07	.75875	1.1381
Firemen on steam locomotives -----	² 6.07 ³ 6.19	.75875 .77375	1.1381 1.1606

¹ The application of a rate for footboard yardmasters shall be contingent upon the parties negotiating an acceptable rule defining the conditions under which such rates shall be applied.

² Having weight on drivers less than 190,000 pounds.
³ Having weight on drivers 140,000 to 200,000 pounds.

4. It is agreed that the respective monthly rates of pay for switch tenders shall be increased \$10 per month, effective August 1, 1937. Further, that switch-tender assignments will be arranged, effective as of January 1, 1938, to allow 1 day off per week.

5. It is agreed that effective January 1, 1938, revised rules shall be established to provide substantially as follows :

(a) Regularly assigned passenger trainmen will be subject to basic 8-hour day with 8 hours pay within spread of 10 hours, with pro rata overtime rate to and including the twelfth hour and time and one-half rate after the twelfth hour.

(b) Extra passenger trainmen in service more than 1 year, designated as class A extra trainmen, and properly qualified for required service at their respective terminals, will be subject to basic 8-hour day with 8 hours pay within spread of 12 hours with pro rata overtime rate to and including the twelfth hour and time and one-half rate after the twelfth hour.

(c) Extra passenger trainmen in service 1 year or less, or not properly qualified to meet requirements of class A trainmen, will be paid under rules of agreement of March 9, 1935, on assignment basis for all time actually on duty or held for duty, with pro rata overtime rate, subject to a minimum of 2 hours for any assignment.

(d) Where combinations of work will provide 7 or more hours work within a spread of 10 hours and having a regularity of 4 or more days per week, regular runs will be established. At least 50 percent of regular runs will be straight runs.

(e) A monthly guarantee of \$125 shall be established, effective January 1, 1938, for class A extra passenger trainmen in service more than 1 year and properly qualified and available.

(f) A monthly guarantee of \$100 shall be established effective January 1, 1938, for class B extra passenger trainmen in service for 1 year or less or not properly qualified as class A trainmen and available.

(g) The provisions of article 37 of present agreement shall be suspended as of January 1, 1938, until a revised method of operating passenger service extra boards shall be negotiated to provide for the assignment of all necessary extra work to class A extra trainmen in preference to class B extra trainmen, to the end that the company will not unnecessarily be penalized in the application of the basic 8-hour day to class A extra passenger trainmen.

(h) Run-around rules for freight and passenger service will be established as of January 1, 1938, or at such later date as may be necessary to conform with the rules in the revised formal agreement, but shall only apply to the first man out, actually run around.

6. Motormen will be permitted to wear overalls, jumper, and cap while operating cab equipment in passenger service, style and color

to be specified by the management. One-man car and motor-coach operators will be permitted to operate without coats during warm weather provided they wear regulation shirt as specified by the management.

7. Effective January 1, 1938, the cost of licenses which trainmen are required to obtain in order to operate equipment of the carrier will be paid for by the company.

8. Regularly assigned freight crews working entirely within the defined limits of the respective switching districts to be defined by further negotiations, shall not be assigned to report for work between the hours of 12 o'clock midnight and 6: 30 a. m.

9. An agreement covering rates of pay, rules, and working conditions for motor-coach operators in service of the Motor Transit Co. shall be negotiated between the parties. Rates of pay so established shall be applied retroactive to August 1, 1937, subject to understanding that rules governing working conditions will be made effective on such date as such formal agreement shall provide. In negotiating such agreement, the purpose of the parties shall be to establish the same rates of pay, rules, and regulations for motor-coach operators of the Motor Transit Co. as are applicable to motor-coach operators of the Pacific Electric Railway Co.

10. It is agreed that the respective parties hereto shall resume negotiations for the purpose of completing the revision of the current agreement embodying the principles and arrangements herein provided covering rates of pay, rules, and regulations for employees in train service of the Pacific Electric Railway Co. and to negotiate an agreement for motor-coach operators of the Motor Transit Co.

11. It is agreed that such provisions as have heretofore been tentatively accepted by the parties during prior negotiations as shown in Organization's Exhibit No. 3 in this proceeding shall be included in the formal agreement and such other provisions involved in this dispute and not herein disposed of will remain as now shown in the present agreement dated March 9, 1935, unless otherwise changed by agreement between the parties : *Provided, however,* It is understood that any provision of the present or proposed agreement in conflict with any of the arrangements herein outlined shall be changed or modified to conform with and be consistent with the principles contained in this memorandum of understanding.

12. It is agreed such formal agreements shall remain in effect until January 1, 1939, and thereafter subject to 30 days' notice in writing being given either party of a desire to change or terminate same, or any portion thereof, subject to the provisions of the Railway Labor Act or agreement between the parties.

This memorandum of understanding signed this 22d day of November, 1937 at Los Angeles, Calif.

PACIFIC ELECTRIC RAILWAY Co.,
MOTOR TRANSIT Co.,

By A. O. SMITH,
G. F. SQUIRES,
A. C.- BRADLEY,
BROTHERHOOD OF RAILROAD TRAINMEN,
By D. A. MACKENZIE, *Vice President.*
C. T. NOLAN, *General Chairman.*
HUGH W. WILKINS,

Secretary, General Committee.

Witnessed by : Emergency Board, appointed by the President of the, United States to investigate and report on certain differences between Brotherhood of Railroad Trainmen and Pacific Electric Railway Co.

I. L. SHARFMAN, *Chairman.*

JOHN P. DEVANEY, *Member.*

This agreement reflects a willingness on both sides to recede from the extreme positions taken by the parties at various stages of the dispute, and to effect a settlement on a reasonable and workable basis. All of its terms are directed to the attainment of middle ground. While the increases in cost to the carrier are certain to be very substantial, their extent will depend, in considerable measure, upon the unpredictable impact of the new wage rates and working rules on the operations of the company. • In this connection, it seems clear to the Emergency Board that the carrier, though it has received financial aid from the Southern Pacific Co., which owns all of its stock, must secure larger revenues from its present and prospective volume of traffic, if it is to meet the increased financial obligations imposed by the new agreement and at the same time maintain a state of financial health essential to the satisfactory performance of its crucially important transportation service in Los Angeles and Southern California.

That this agreement was reached voluntarily and in fine spirit of cooperation constitutes, in the opinion of the Emergency Board, its greatest element of strength. Actual experience in its application may disclose points of difficulty in need of adjustment; but there is every disposition on both sides to meet all difficulties through orderly processes of negotiation. There appears to be good promise that amicable relations will continue to be maintained between the management and the men, and that the property will be operated with a full appreciation of the paramount interest of the users of the transportation service, and not merely in furtherance of the

special interests of the carrier or its employees. Both the Pacific Electric Railway Co. and the Brotherhood of Railroad Trainmen are convinced of the wisdom and effectiveness of the machinery of the Railway Labor Act, and the outcome of these proceedings constitutes a practical and fruitful expression of this conviction.

EMERGENCY BOARD,

I. L. SHARFMAN, Chairman.

DEXTER M. KEEZER, *Member*.

JOHN P. DEVANEY, *Member*.

NOVEMBER 28, 1937.

