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Report

TO

THE PRESIDENT

BY THE

EMERGENCY BOARD

CREATED JULY 3, 1946
PURSUANT TO SECTION 10
OF THE RAILWAY LABOR ACT

To investigate an unadjusted dispute concerning rates of pay and certain working conditions between the

NORTHWEST AIRLINES, INC.

and the

INTERNATIONAL ASSOCIATION OF MACHINISTS

ST. PAUL, MINNESOTA

AUGUST 7, 1946

(No. 38)

ST. PAUL, MINN., *August 7, 1946.*

The PRESIDENT,
The White House,
Washington, D. C.

MR. PRESIDENT: The Emergency Board created by you July 3, 1946, pursuant to section 10 of the Railway Labor Act, to investigate a controversy concerning rates of pay and working conditions between the Northwest Airlines, Inc., and the International Association of Machinists, has the honor to submit herewith its report and recommendations upon its investigation of the issues in dispute.

Respectfully submitted.

FRANK M. SWACKER, *Chairman.*
JOHN A. LAPP, *Member.*
GRADY LEWIS, *Member.*

INTRODUCTION

By Executive order dated July 3, 1946, the President created an Emergency Board pursuant to the provisions of section 10 of the Railway Labor Act, as amended, to investigate and report on an unadjusted dispute between the Northwest Airlines, Inc., and certain of its employees represented by the International Association of Machinists, concerning rates of pay and certain working conditions.

EXECUTIVE ORDER

CREATING AN EMERGENCY BOARD TO INVESTIGATE A DISPUTE BETWEEN THE NORTHWEST AIRLINES, INC., AND CERTAIN OF ITS EMPLOYEES

WHEREAS dispute exists between the Northwest Airlines, Inc., a carrier, and certain of its employees represented by the International Association of Machinists, a labor organization; and

WHEREAS this dispute has not heretofore been adjusted under the provisions of the Railway Labor Act, as amended; and

WHEREAS this dispute, in the judgment of the National Mediation Board, threatens substantially to interrupt interstate commerce within several States of the Union, to a degree such as to deprive the country of essential transportation service;

NOW, THEREFORE, by virtue of the authority vested in me by section 10 of the Railway Labor Act, as amended (45 U. S. C. 160), I hereby create a board of three members, to be appointed by me, to investigate said dispute. No member of the said board shall be pecuniarily or otherwise interested in any organization of employees or any carrier.

The board shall report its findings to the President with respect to the said dispute within thirty days from the date of this order.

As provided by section 10 of the Railway Labor Act, as amended, from this date and for thirty days after the board has made its report to the President, no change, except by agreement, shall be made by the Northwest Airlines, Inc., or its employees in the conditions out of which the said dispute arose.

(Signed) HARRY S. TRUMAN.

THE WHITE HOUSE, *July 3, 1946.*

On July 8, 1946, he designated and appointed as members of this Emergency Board Frank M. Swacker of New York, N. Y., John A. Lapp of Chicago, Ill., and Grady Lewis of Washington, D. C.

The Board as thus constituted first met on July 15, 1946, at 10 a. m., in Room 430 of the Uptown Station and Federal Courts Building, St. Paul, Minn. It selected Mr. Swacker as its chairman and approved the appointment of the Acme Reporting Co. as its official reporter. Appearances on behalf of the employees were: J. W. Ramsey, Del Cooney, Carl Dawson, Ed Graboski and A. J. Jernigan;

and for the Airline: Pierce Butler, R. J. Leonard, and Potter Stewart.

Public hearings were held at St. Paul beginning July 15 and continuing until July 31, 1946. The time limit for the presentation of the report of the Board was extended by the President on July 25, 1946, for a period of 10 days, or until August 12, 1946.

Each of the parties was allowed full opportunity to present evidence and arguments and to refute the evidence and arguments of the other. A record of 1,466 pages and 88 exhibits was made.

At the close of the hearings, the Board spent 2 days in fulfillment of the President's direction that efforts be made to bring about a settlement of the dispute. These efforts having failed to bring about a settlement, the Board thereupon prepared the following report of its findings and recommendations.

BACKGROUND OF THE DISPUTE

The parties to the dispute are the Northwest Airlines, operating transcontinentally from Seattle, Wash., and Portland, Oreg., to New York, by way of Minneapolis, St. Paul, and Chicago, and the International Association of Machinists, representing the airplane mechanics and related employees employed by the Company.

Collective bargaining on the Northwest Airlines was for many years conducted between the Company and the International Airline Mechanics Association. The Association and the Company entered into a contract on November 1, 1942, which, with amendments, has continued until the present time. The immediate dispute was precipitated by a failure to agree fully on the terms of a new agreement.

The International Airline Mechanics Association, which had through the years been an independent union, became affiliated in August 1945 with the Airline Mechanics Division of the United Automobile Workers, CIO. In November 1945 the Company recognized the newly affiliated organization.

An election held in February 1946 resulted in the selection of the International Association of Machinists as the bargaining agent for the employees involved in this dispute.

Soon after its certification by the National Mediation Board, as the representative agent, the International Association of Machinists presented to the Company certain proposals as a basis for negotiation for a new agreement. Representatives of the parties met intermittently from March 19 to April 8, 1946, in trying to reach an agreement. Unable to do so the parties on May 8, 1946, petitioned the National Mediation Board for its mediation service, reciting to the Board that the request was made due to the inability of the parties to make headway in reaching an agreement.

Mediation by the National Mediation Board was begun on June 7 and thereafter the parties made efforts, with the aid of the mediator, to reach an agreement.

In the meantime and prior to the request for the services of the National Mediation Board, the Union announced that it had been authorized by its members to engage in a work stoppage at an indefinite time in the future if an agreement was not reached. The work stoppage was actually begun on July 3, and continued for one day.

The mediator, finding that an agreement could not be reached by negotiation, proposed arbitration to the parties in accordance with the Railway Labor Act. The Company accepted the proposal for arbitration but it was rejected by the Union.

Thereupon, in accordance with the provisions of the Railway Labor Act, the National Mediation Board, having completed its function, withdrew from the case and certified the dispute to the President.

ISSUES IN DISPUTE

In the course of direct negotiation, the Union proposed a new agreement to the Company. Most of the terms of that proposal were incorporated in an agreement that was tentatively adopted by the parties during such negotiation and mediation.

Certain articles, necessary to a complete agreement, proposed by the Union were not acceptable to the Company. The articles excepted from agreement were: Article VII (h) (recall after return from work); Article XVI (vacations); Article XVII (sick leave); Article XVIII (longevity); Article XIX (license premiums); Article XX (night shift premium); Article XXI (test flights); Article XXII (severance pay); Article XXIV (free transportation); Article XXVII (a) (retroactive date); and Appendix "A" (wage rates).

The subjects of these exceptions, together with a request by the Company for changes in certain provisions of the tentatively adopted portions of the agreement, formed the issues in dispute.

The changes requested by the Company were directed to: Article II "e", "f" and "g" (scope rule); Article IV "a", "b" and "f" (classification of work and ratios); Article X "j" (seniority); Article XIV "b" and "e" (leaves of absence); Article XXVI "k" (union responsibility).

The controversy before this Board is, therefore, limited to the foregoing questions.

These will be dealt with in order.

VACATIONS

(1) The Union proposed (Article XVI) that employees shall be entitled to an annual vacation of 12 working days after the first

year of employment and 15 and 18 days, respectively, for employees having 5 to 10 years of service and 10 years and over of service. It proposed further that vacation credit may be accrued up to and including a total of 30 days, for employees of less than 5 years of service and 60 days for employees of 5 years or more of service. Certain other minor details governing the administration of vacations are added. The Company maintained the adequacy of the existing vacation allowances which by agreement is calculated upon a 40 hour week to a 2 weeks vacation per year, or 5/6 (five-sixths) of a day per month.

The vacation allowance in the existing contract provides for the accumulation of vacation credit to a total of 30 days for employees of less than 5 years of service, and 60 days for employees of more than 5 years of service.

RECOMMENDATION

The obvious purpose of the vacation provision of the agreement was to accord 2 weeks vacation with pay. To accord 12 paid days now would simply be to enlarge the vacation privilege. The circumstance that it was formerly stated in the agreement as 1 day for each calendar month, thus making 12 days for the year, was merely a coincidence and was specifically limited to 2 weeks' pay, whichever was less.

As to the proposed enlargement of the vacation to 15 and 18 days, respectively, for employees having over 5 and 10 years service, the Board considers that such enlargement would not be allowable under the stabilization program and, in any event, we are not persuaded it is justified inasmuch as 2 weeks is the uniform allowance on all the major airlines.

We do not recommend any change in the existing provision.

SICK LEAVE

(2) The Union proposed a schedule of sick leave benefits providing for normal earnings beginning with 6 working days for the first calendar year of employment and extending up to 60 days for the tenth calendar year and thereafter. The Union further proposed that the Company may require a doctor's certificate before paying requests for sick leave in excess of 3 days. The existing agreement of the Company with the Union provides for sick benefits after the completion of 6 months' service covering nonoccupational illness or nonoccupational injury at the regular and normal rate of pay, in conformity with existing practice of the Company, which allows sick benefits to accrue to 30 days for employees of less than 5 years' service and to 60 days for employees of over 5 years.

The Company's proposal provides that "Each employee must support his claim for sick pay allowance and the Company reserves the right, as a condition of payment hereunder, to have an examination

made and treatment checked by a physician of its own selection." The Union proposal would authorize employees to take three days of sick leave without a doctor's certificate, while the Company's proposal would make all sick leave payments subject to proper medical evidence. The Union supported its claim with respect to this matter by the statement that there were other provisions in the contract which would enable the Company to check up on any fraudulent sick leaves.

RECOMMENDATION

The Board is of the opinion that the sick leave provisions of the present contract and the practice of the Company are very liberal and does not recommend the sick leave provision proposed by the Union, and particularly so because of the loophole which the 3-day provision would offer to employees who were not actually sick.

The Board does recommend, however, that the present practice be made a term of the agreement.

LONGEVITY ALLOWANCE

(3) The Union proposed:

(a) All employees covered by this agreement except regular apprentices while serving their apprenticeships, shall receive as a length of service adjustment after the first year of employment, an additional 2 cents per hour each year, to a maximum of 5 years, and in addition will receive 1 cent per hour for each year after the sixth year of employment, to a maximum of an additional 10 years.

The existing contract provides for longevity pay of 1 cent per hour for each year up to a maximum of 10 years from the date of the first assignment to a classification in the group. The proposal by the Union provides, therefore, for a doubling of the longevity allowance up to 5 years and the addition of another cent per hour per year thereafter, up to 10 years.

RECOMMENDATION

The Board considers that an increase in the longevity allowance would simply be a means of increasing the rate of wages and it is of the opinion that it could not recommend such increases under the stabilization program for the reasons hereinafter stated with respect to the proposed wage increase.

Dissent.—I believe that the question of license premiums, longevity and general wage increases should go together, and if license premiums are frozen as suggested in my dissent under that subject, the longevity rate should be increased to 2 cents per hour for each year of service beginning at the eighth year and continuing to the maximum of 20 cents per hour.

JOHN A. LAPP.

LICENSE PREMIUMS

(4) The Union proposed that qualified employees of the Company be furnished "with a Certificate of Eligibility by the company for presentation to the proper government agency for procuring a CAA or FCC License."

The Union also proposed:

(b) All airplane and airplane engine mechanics and their apprentices will be paid an additional 6 cents per hour over their regular hourly rate for each Federal license acquired and maintained in good standing. All radio mechanics and apprentice radio mechanics will be paid an additional 6 cents per hour over their regular hourly rate after acquiring a second class radio-telephone license and 12 cents per hour additional after acquiring a first class radio-telephone license.

The Union proposed further that mechanics assigned to special work or departments which made them ineligible for licenses will be entitled upon entering their third year to be considered as the holders of one license and paid the premium due; and, that employees passing the practical tests set up for advancement to the classification of master mechanic will be credited with the equivalent of holding two licenses and thereafter paid the premium due for two licenses.

The existing agreement provides for payment of premiums to holders of licenses of 6 cents per hour for one license and 12 cents per hour for two licenses. The Company contended that the practice was initiated during the war, when on account of rapid expansion, it felt the necessity of having more men qualified with Federal licenses. It claims that the need has now passed and that there is a surplus of licensed employees.

The result of this provision in the agreement is that the number of mechanics holding one license on June 30, 1946 was 24, holding two licenses 24, and holding no license 122. The number of senior mechanics holding one license was 53, the number holding two licenses 26, and the number holding no license 85. The number of master mechanics holding one license was 60, holding two licenses 39, and holding no license 64. Of the apprentices, five hold two licenses, and four hold one license, 70 hold no licenses.

RECOMMENDATIONS

Under the Civil Aeronautics Regulations, when a plane has undergone repairs or changes which might affect its airworthiness, it must be released for flight by a person holding either one or both an airplane or an engine mechanic's license, as the case may be. Generally, at the present time, these releases are all effected by inspectors or crew chiefs who must hold both licenses. It is only occasionally that the Company ever has to depend on an ordinary mechanic with a license to release the plane. Under the present plan, which the Union proposes

should be continued, an ordinary mechanic or apprentice obtaining such a license, would automatically obtain the appropriate premium regardless of whether the Company might ever need him to exercise the authority to release a plane.

On the other hand, the Company recognizes that many of its mechanics have obtained these licenses and now draw the premiums without ever being called upon to use them. It does not propose taking these premiums away from the employees already having them; it does propose that no additional mechanics shall be eligible to receive license premiums.

It seems to us that the appropriate disposition of the matter is:

1. *That employees desiring certificates of eligibility should be furnished them.*
2. *That employees now enjoying premiums through holding of licenses should continue to.*
3. *That where situations are involved that might call for a mechanic to have a license, the positions should be so assigned and bulletined for selection on a seniority basis and the successful bidder to be accorded the premium.*
4. *That mechanics acquiring licenses in the future shall receive premiums only when holding assignments calling for possession thereof.*

Dissent.—I concur in the desirability of freezing the existing status, but only on condition that a wage adjustment is made and longevity payments are increased. The license premium has become a method of wage increase on a merit basis and is tied closely to wages, although not in any sense a part of the wage base.

If the wage adjustment suggested in my dissents to Longevity and Wages is not made by the Company and the Union, I do not recommend any changes in the license premium plan. If they are made, I recommend that the plan be frozen at the number now in each classification, and that additions be made on a seniority basis from those who have passed the required examinations for two licenses. At all times, the Company should furnish certificates or letters of eligibility to employees entitled to them.

JOHN A. LAPP.

SHIFT PREMIUMS

(5) The Union requested 10 cents an hour additional for the afternoon shift and 15 cents an hour additional for the night shift over the rate paid on the day shift. There is no provision in the contract or in the agreement or in the practice at present for the payment of a premium for the afternoon or night shift. The Union contends that the major competing airlines paid the shift premiums. The

Company pointed out that in no instance did such premiums exceed 4 cents and 6 cents, respectively, for afternoon and night shifts. The facts on the record indicate that all of the major airlines, excepting the Eastern and the Northwest now pay shift premiums of 4 cents and 6 cents, respectively, for the afternoon and night shifts and that no company pays more than those premiums.

RECOMMENDATIONS

In view of the general practice in the industry, shift premiums of 4 and 6 cents are recommended.

TEST FLIGHTS

The Union proposed that employees covered by the agreement "required to participate in test flights shall be paid a premium rate of five dollars per hour for all time thus engaged with a minimum of one hour and shall be covered by a standard aviation insurance policy with a death benefit of not less than ten thousand dollars, paid for by the company."

It supported this proposal on the ground of risk involved and the unusual circumstances under which their work is carried on.

The Company contended that there was no risk beyond that normally faced by workers in industry, pointing out that no mechanic had ever been injured in any test flights on the Northwest Airlines and, further, that occupational mortality rate of airmen, as a whole, was not as great as occupational mortality of certain railroad employees.

The Board finds that the actual risk involved does not warrant additional compensation, but there is some fear of risk.

RECOMMENDATION

The Board concludes that there is no adequate basis for a test flight pay bonus, but on the other hand is of the view that the insurance coverage proposed might well be substantially more; the $5 bonus proposed would be a travesty as compensation if an accident did occur; $10,000 insurance, on the other hand, would be quite meager.

We recommend an insurance coverage of $25,000 instead of $10,000, but no pay bonus.

No test flight bonus is paid by any line in the industry; it would be an innovation.

Dissent.—I am unable to agree with the majority of the Board on this issue. Test flights are especially responsible missions. The safety of people may be dependent upon the skill and fidelity of the

mechanic. The conditions under which mechanics exercise their craft are unusual, sometimes abnormal and often distasteful. When mechanics are taken out of their shop environment to exercise a responsible function, they are entitled to extra compensation.

The safety factor has been overstressed by the Union and the tentative assent by the Company to the Union's demand for casualty insurance serves to emphasize that factor. Actually, there is no risk beyond that usually met in the shop, but on account of certain fears, special insurance is justified. I recommend that mechanics required to make test flights be paid double time with a minimum of 1 hour for each flight.

JOHN A. LAPP.

SEVERANCE PAY ALLOWANCE

(7) The Union proposed that employees laid off or leaving the service of the Company involuntarily shall receive severance pay "at the regular rate of 1 week after 1 year of service, 2 weeks after 2 years of service, 3 weeks after 5 years of service and 4 weeks after 10 years of service." There is no provision in the existing contract for severance pay, but the Company stated that its practice is to give 2 weeks' notice of a layoff or 2 weeks' pay.

The proposal of the Union seems to include in its broad terms employees who are discharged from the service of the Company for cause.

RECOMMENDATION

That the present practice of 2 weeks' notice or 2 weeks' pay in case of layoff (not including those discharged for cause, or resigning) be incorporated as a term of the agreement.

FREE TRANSPORTATION OF EMPLOYEES

(8) The Union proposed that employees should receive free trip transportation after 1 year and an annual pass after 5 years of service and after 5 years the pass should include wives and minor dependent children. Its proposal was limited by "space available on regular flights."

The Company stated that its policy was, in cases of emergency, to give free transportation when space is available, but owing to present transportation demands and lack of aircraft, it is not now feasible to allow free transportation. The Company expressed its willingness, when space becomes available, to institute the practice of granting passes.

RECOMMENDATION

The Board does not recommend adoption of the proposal.

RETROACTIVE DATE OF APPLICATION

(9) The parties were in disagreement as to the time when the agreement would become effective. The Union proposed January 1, 1946, and the Company proposed the date of the actual signing of the contract.

Proposals for changing the contract were made as early as January 1945, and some changes were made from time to time following that until the change of Union representation. The proposal for a revision of the contract by the present Union was made on March 19, 1946. Negotiations were begun April 5, 1946. They were broken off and mediation was asked for on May 8, 1946. Mediation by the National Mediation Board began June 7. The Emergency Board was authorized on July 3 and appointed on July 8. The report of the Fact Finding Board was made on August 7, 1946.

The recital of these dates indicates that the selection of a date for the beginning of the agreement is not easily determined by any basic principle. The old contract was terminable upon 30 days notice by either party expressing a desire to change. The Union presented its formal notice to the Company on March 19, 1946. Time thereafter must, of course, be given for the ordinary course of negotiations. It cannot be argued, however, that no limit should be placed thereafter until the contract is signed, otherwise negotiations might prejudice the rights of the employees.

RECOMMENDATION

The Board is of the opinion that the retroactive date should be fixed as of August 1, 1946.

RECALL TO WORK

(10) The parties have not agreed upon a provision in the contract for minimum hours when employees are recalled to work after having been relieved for the day. The Union insisted that the minimum number of hours at overtime rates should be four and the Company proposed two. Very little argument or data was furnished in support of either claim.

RECOMMENDATION

The Board recommends that a minimum of 2 hours be paid at the overtime rate applicable.

WAGES

(11) The Union presented a schedule of pay rates with new classifications of crew chief, lead inspector, inspector, radio technician,

master mechanic, mechanic, equipment service chief, equipment serviceman, and apprentice mechanic.

The rates of pay proposed per hour were:

Crew chief	$2.00
Lead inspector	2.00
Inspector	1.85
Radio technician	1.73
Master mechanic	1.63
Mechanic:	
1st year	1.39
2nd year	1.45
3rd year	1.51
Equipment service chief:	
1st year	1.20
2nd year	1.25
3rd year	1.30
Equipment service man:	
1st 6 months	.90
2nd 6 months	1.00
Apprentice mechanic:	
1st 6 months	.90
2nd 6 months	.96
3rd 6 months	1.02
4th 6 months	1.08
5th 6 months	1.14
6th 6 months	1.20
7th 6 months	1.26
8th 6 months	1.32

WAGE HISTORY IN THIS INDUSTRY

The hourly rate for mechanics, the basic group of employees here involved, was 70 cents per hour prior to August 15, 1937. That rate was continued by agreement with the Airline Mechanics Association until March 16, 1940, when by agreement the hourly rate was raised to 75 cents. On November 1, 1941, by agreement, the rate was raised to 85 cents per hour and on July 1, 1942, it was raised to 95 cents per hour, after 6 months of service. The hourly rate was raised to $1 per hour on November 1, 1942 and remained at that figure until by the conversion of the workweek from 48 hours to 40 hours, without reduction in pay, the hourly rate became $1.20.

Additional compensation was provided in 1942 for those who qualified for Federal licenses, at the rate of 6 cents per hour for one license and 12 cents per hour for two licenses. Beginning as early as 1937, longevity pay was provided and the rate under the present contract is 1 cent an hour additional for each year of service up to 10 years.

The hourly rate in force on the date set by the Little Steel Formula, January 1, 1941, was 75 cents per hour, established by the agreement of March 18, 1940.

The rate put into effect as of November 1, 1942, was determined after the Little Steel Formula and the Wage Stabilization Law were in force.

The percentage increase in hourly rates from the rates in force January 1, 1941 to November 1, 1942, was in the case of mechanics 33⅓ percent (75 cents to $1). The conversion from the 48 hour to the 40 hour week resulted in an increase in the then existing hourly rate of 20 percent. The total percentage increase in basic hourly rates is, therefore, 60. The percentage increase of weekly, monthly and annual rates of pay would be the same for the period to January 1, 1946. No percentage increase of weekly, monthly or annual rates of pay resulted by reason of the conversion in the workweek effected January 1, 1946.

During this period, January 1, 1941, to the present date, the cost of living has increased approximately 33 percent in the major industrial centers. The Wage Stabilization Executive Order of March 8, 1946 fixes 33 percent as the basis for comparing cost of living with wage increases. On the basis of hourly rates, therefore, the rise in the cost of living was outstripped by the advance in the hourly rates. The basic pay rates of these employees have, since November 1, 1942, remained stationary.

Comparisons of wages with other airlines are difficult to make because of the different classifications used and made variations in the percentage distribution among the various classifications on the other lines.

RECOMMENDATION

The demand of the Union was for an increase in wage rates averaging about 18 percent, or 20 cents per hour. It was not placed on that basis but was for specific rate increases instead, not uniform either in amount or percentage.

Under agreement with the predecessor Union in December, 1945, the workweek was changed from 48 hours to 40 hours and the then existing hourly wage rates increased 20 percent so as to cause no loss in take-home pay, equalizing that for 40 hours with what was previously paid for 48 hours.

Prior to this increase this group of employees had, subsequent to January 1, 1941, received minimum increases in their rates of pay of 33⅓ percent thus completely exhausting the cost-of-living formula.

From this it will be seen that no increase whatever could be recommended by this Board based on increases in cost-of-living or any reduction in pay growing out of reconversion from the 48 to the 40 hour week, since no such reduction occurred.

The next ground permissible under the Stabilization Act would be inequitities as compared to "related" industries. Obviously, the most

related is the other air transport lines. The wage scale on this line on an over-all basis exceeds that in effect on all the other major airlines (R. vol. X, pp. 1048–1055, vol. 13, pp. 1294–1301). The next most comparable industry, if it may be considered related, is that of the railroad industry. Compared with it, these employees have received since January 1, 1941, greater increases than employees of the same craft of the railroads, both percentagewise and in cents, and their total pay exceeds that of the average of the railroads on an hourly basis, weekly basis, or take-home basis. The average weekly basic wage (exclusive of overtime and premiums) at the current rates June 30, 1946, for the skilled members of the group (over two-thirds) was $55.48 and the unskilled $33.88 (exhibit 27); all of them are in the upper half, and many in the upper third, group of family income as recently reported by the Federal Reserve Board and Agriculture Department survey. By all conventional considerations, therefore, there is no basis under the Stabilization Act under which a further increase could be recommended for them by this Board.

This finding is not intended to foreclose a claim of the mechanics of the airlines on an industry-wide base that they started prior to January 1, 1941, on a basis inequitably lower than their craft enjoyed in other industries. There is an intimation in an Emergency Board report of February 24, 1945, from the Railway Labor Panel on a controversy between this organization and Eastern Airlines, Inc., which seems to have been acquiesced in by that carrier, that such was the situation. It is conceivable in this case that the increases which were granted between January 1, 1941 and October 1942 may have been granted partly in consideration of this condition rather than actually to meet the then increased cost of living. Since they were arrived at by voluntary agreement, there is no telling what the considerations were which motivated the agreement, and under the stabilization formula the increases, in the absence of any other definite basis, are counted as an offset against the cost of living. However, since this line is in the forefront on its wage level, such a problem would of necessity be an industry-wide one rather than individual. This theory was not suggested nor was any evidence along that line presented in this case.

This finding also is not intended to foreclose any claims with respect to certain particular jobs that their classification is too low, thus producing an unduly low rate for particularly high degrees of skill, such as we think might be involved in the work of instrument men.

We do not recommend any increase in the wage rates.

Dissent.—I am unable to agree with my colleagues on the issue of wages. The wage stabilization program does not, in my judgment, preclude a general wage increase on this property at this time. This is

not a normal case; it is a rare and unusual case on two general grounds: first, the wage situation in 1941 and 1942 on this property, and, second, the conversion from the 48 hour to the 40 hour week on January 1, 1946, and its effect upon the hourly wage rate.

Although not of record in these proceedings, the increase on November 1, 1942, of a total of 33⅓ percent was approved by the War Labor Board. The permissible increase at that time was 15 percent, except in cases of inequities in wage rates. The Board apparently approved an increase of 33⅓ percent on the basis of inequities or some very unusual circumstances. The simple facts of the situation are plain. The wage of mechanics on January 1, 1941 was 75 cents per hour. A 15 percent increase would have made the wage 86¼ cents per hour, which would obviously have been far out of line with the current wages of skilled workers of the type required on this property. The War Labor Board must have recognized that fact in granting a 33⅓ percent increase. If the increase approved by the War Labor Board was right at that time to put the employees in line with others, it would be wrong now to use that increase, beyond 15 percent, as a basis for refusing increases under the present stabilization law and regulation. That would require a rejudging of the act of the National War Labor Board.

Moreover, the date of the agreement, March 16, 1940, from which increases were actually figured (the rates of that agreement continued until November 1, 1941) was almost a year prior to the stabilization date. It would have been unfair to use wage rates almost a year old, as a basis for stabilization and the War Labor Board on many occasions recognized that fact.

The conversion from a 48 to a 40 hour week, without loss of pay, increased the hourly rate 20 percent over the then existing rate, but the weekly and monthly rates remained exactly the same as they had been. Thus weekly and monthly rated employees would have no increase in rates and would now have a margin for an increase, while hourly rated employees would have no such margin.

Obviously, the conversion did not result in more money being paid to workers. The Company paid out the same amount per week and per month as before. There was no effect upon the spending economy of the country. If no more money is received by the employees, how can they be said to have an increase merely by the bookkeeping which adjusts the same income from a 48-hour week to a 40-hour week? Moreover, if the contention is correct that these employees had had an actual 33⅓ percent increase as of November 1, 1942, and that the conversion of the workweek resulted in an additional increase of 20 percent, the conversion itself could not be approved under the wage stabilization program.

Whether there is "slide rule" proof or not that the allowable percentage increase of wages on this property has been exhausted, the parties are free by agreement to make adjustments provided they are not used as a basis for price relief.

The cost of living increased 33⅓ percent before the recent unusual advances. The employees have had no general increase in their regular weekly pay since November 1, 1942.

I recommend to the parties that they agree to raise the basic hourly rate by seven (7) cents.

This increase would not put the Northwest Airlines out of conformity with the general wage pattern of the industry as a whole and it would allow, together with the dissenting recommendations on longevity, and the Board recommendations on shift premiums, substantial relief from the increased and increasing cost of living.

JOHN A. LAPP.

THE COMPANY'S PROPOSALS

I. That in the Article defining the scope of the work covered by the agreement there be inserted a limitation to work performed "by its own employees."

This proposal, that the scope of the coverage of the agreement be limited to work performed "by its own employees" arises from the fact that some work of the character covered by the agreement is now, and always has been, done by contractors.

RECOMMENDATION

The proposal of the Company is, in our view, entirely too broad. It would render the contract illusory; make it a mere "will, wish or want" contract—or no contract at all; it would be merely an option under such a provision. The Company could remove from the coverage of the contract any work it saw fit at any time and, of course, if the Company could do that it could in effect remove all the work. On the other hand, it is reasonable that the scope rule be limited by a proviso that it covers only work now and heretofore customarily done by its own employees, but not such as has been customarily contracted out. We so recommend.

II. That there be added at the end of that Article the following:

(e) The Union recognizes the right of the Company to retain or to dispense with probationary employees, to direct and to supervise all employees, to reduce or to increase and otherwise determine the necessary number of employees, to discipline and to discharge for cause, to transfer, to promote and demote subject to conditions that are specified elsewhere in this Agreement.

The Company's proposal to the effect that the Union recognize the Company's right subject to other provisions of the agreement to control employees, is a reasonable provision.

RECOMMENDATION

It is recommended that this proposal be incorporated in the agreement.

III.

(f) It is further mutually agreed that:

1. An employee prevented from reporting for duty shall promptly notify the individual designated by the Company to receive such notification, giving the reason for his inability to report for duty. The responsibility for making sure that the Company is promptly notified is that of the employee who is prevented from reporting for duty.

2. An employee shall not be absent from duty without prior permission in writing except for reason of sickness, injury, or other cause beyond the control of the employee.

The Company's proposal merely places an obligation on the employee to notify it when prevented from reporting for duty.

RECOMMENDATION

This proposal is a reasonable one and we recommend its adoption.

IV. The Company proposes that title of Article IV of the tentative agreement be amended by striking out the words "and ratios" and that the Article tentatively agreed upon be amended by the elimination of provisions respecting the ratio of supervisory employees to those working under their direction and to substitute in place thereof the following:

For the purpose of this Agreement, the determination of the number of supervisors needed shall be the sole responsibility of the Company and the work of recognized classifications will be as hereinafter defined.

The Company's proposal for the elimination of the tentative provisions concerning ratio of supervisors to employees is based upon the contention that they are both impracticable and an invasion of managerial functions.

RECOMMENDATION

We think this proposal is reasonable and recommend the eliminations proposed.

V. It is also proposed to qualify paragraph (a) of the same Article by limiting the provision concerning choosing crew chiefs in accordance with the seniority provisions by adding: "with due consideration for ability to handle men and assume responsibility."

The Company's proposal to the effect that the provision for promotion on a seniority basis be qualified by consideration of fitness appears to be sound.

RECOMENDATION

It is proposed that the suggestion be incorporated.

VI. The Company also suggests that paragraph (f) of the same Article in the tentative agreement, providing for the limitation of the number of employees to be supervised by the lead plant maintenance mechanic, be deleted.

The Company's proposal is similar to its proposal number IV in that the tentative agreement now contains a limitation on the number of employees that might be supervised by the lead plant maintenance mechanic. The same consideration applies to it.

RECOMENDATION

It is recommended that the ratio provision be deleted.

VII. It is proposed by the Company that Article X be amended by the elimination of paragraph (j) thereof, which announced a policy of filling supervisory positions, as far as possible, from the ranks, due regard being had for ability and length of service; except when competent employees may not be found in the ranks.

The Company's proposal that paragraph (j) of Article X of the proposed agreement stating a policy of promotion from the ranks should be eliminated, was not supported by any testimony or argument and no good reasons appear to the Board for its elimination.

RECOMMENDATION

It is recommended that the company's proposal number VII be not adopted.

VIII. The Company proposed amending tentative Article XIV, which now provides that leaves of absence, with retention of seniority positions, may be extended in individual instances by the concurrence of the Company and the Union, so that the prerogative would be the Company's alone. This proposal was withdrawn in the course of the hearing.

IX. The Company also proposed a lengthy paragraph at the end, in effect reiterating the no-strike or lockout provision elsewhere incorporated in the agreement and elaborating on it and providing various sanctions for various violations of the agreement by the Union.

The Company's proposal, elaborating on the no-strike provisions of the agreement and providing various sanctions for various violations

by the Union, we regard as superfluous and apparently rests on the assumption that the agreement might be violated only by the Union. If such sanctions are to be provided, it would be quite as reasonable to provide them for violations by the Company as well.

RECOMMENDATION

The Board recommends that the Company's suggestion number IX be not adopted.

THE STRIKE

The Union became the bargaining agency of the employees here involved February 21, 1946. On April 9, 1946, it presented to the Company a demand for a complete new agreement covering numerous changes in the rules and working conditions, and a demand for an increase of approximately 18 percent in hourly wage rates. The predecessor Union had, in December preceding, effected an agreement with the Company for a 20-percent increase in hourly rates incident to the conversion from the 48-hour to a 40-hour week to avoid any loss in take-home pay.

The parties immediately began negotiations with respect to the new demand, taking up the contract in order, and by May 2d had not yet reached the question of wages. On that day the Grand Lodge representative of the Union, who had been conducting the negotiations with the Company, informed the Company's representative that the principal local was that night holding a meeting to consider seeking sanction for a strike vote. When they resumed negotiations May 3d, he informed the Company representative that the local had voted to seek such sanction, which the morning press had already announced. With the advent of this situation, the negotiations recessed until May 8th. On that date the Company tendered a wage proposal to the Union which was immediately rejected. On May 9th the parties joined in an application to the National Mediation Board for the services of a Mediator. On May 14th the Mediation Board acknowledged the application and advised "the Mediator will be assigned to mediate this dispute as soon as possible, consistent with prior commitments."

On May 27th the local adopted the following resolution:

WHEREAS Northwest Airlines, Inc., has failed to bargain in good faith with representatives of International Association of Machinists for changes in rates of pay, working rules, and other conditions of employment in conferences between the parties extending from April 21 to May 8, 1946, inclusive, and;

WHEREAS The National Mediation Board established under the Railway Labor Act has failed, after proper petition from Northwest Airlines, Inc., and International Association of Machinists dated May 9, 1946, to promptly place itself in communication with the parties and carry out mediatory efforts to settle

the disputed issues over rates of pay, working rules and other conditions of employment, be it now

Resolved by Lodge #1833:

1. The Acting Officers of Northwest Airlines District Lodge, International Association of Machinists are hereby empowered under the Strike Sanction granted Lodge #1833 by the Executive Council of the Grand Lodge to coordinate the efforts of the entire membership employed by Northwest Airlines to bring about a complete work stoppage on a date and time determined by said Acting Officers.

2. The date of this work stoppage shall be not earlier than June 27, 1946, and not later than July 3, 1946, unless necessary to meet a requirement of the Federal Law, and shall not then be called if a reasonable and satisfactory agreement covering rates of pay, working rules and other conditions of employment has been reached between the parties prior to the dates set forth above.

A copy of the above resolution was forwarded to the Mediation Board, May 28th, with the following letter:

Mr. ROBERT F. COLE,
Secretary, National Mediation Board,
18th and F Streets N. W.
Washington, D. C.

DEAR SIR: For the information of the National Mediation Board a copy of a resolution adopted by our Lodge #1833, Minneapolis-St. Paul, is attached hereto. It is believed this document is self explanatory.

The Mediation Board is further advised that all local lodges of this Union located on Northwest Airlines having an interest in this matter are concurring in this resolution and the Acting Officers of the Northwest Airlines District will order a complete work stoppage, grounding all planes from coast to coast, sometime between 12:01 A. M. June 27 and 11:59 P. M. July 3, 1946 unless a reasonable working agreement satisfactory to our membership is consumated between the Company and Union before the date and time fixed.

It should be understood the exact date and time of the contemplated work stoppage will not be disclosed to the company or public prior to the actual stoppage and if it becomes necessary to call a strike the strike will be of indefinite duration as it is the policy of our organization to not resume after a work stoppage is called until a satisfactory agreement is reached covering all phases of a contract.

Very truly yours,

/S/ J. W. RAMSEY,
Grand Lodge Representative,
Hotel Ryan, St. Paul.

On June 7th a Mediator arrived on the property and negotiations were resumed. In the course of these and the previous negotiations much progress was made between the parties towards agreeing on the proposed changes in the rules. The Company tentatively agreed to several items against its judgment, conditioned on an entire agreement being reached, doing so, as testified, in order "to purchase peace". On July 3d, the last date mentioned in the resolution, the strike was begun and the efforts of the Mediator terminated after an offer of arbitration which was accepted by the Company but declined by the Union.

At and before the beginning of the strike the Union had available to it the right to apply to the Chairman of the Railway Labor Panel for the appointment of an Emergency Board without the necessity of a strike, or strike threat even. It saw fit to by-pass the Panel.

The uncertain date adopted in the strike notice would be calculated to inflict a maximum of inconvenience upon the public and direct financial loss to the Company.

We do not find that the Company failed to bargain in good faith at any time.

Dissent.—The Board is not called upon to pass judgment on the merits of the parties in the collective bargaining and mediation proceedings. Its duty is to find the facts and make recommendations on an unadjusted dispute between the parties. That it has done in specific findings and recommendations.

JOHN A. LAPP.

CERTIFICATION

In accordance with the provisions of the Stabilization Act of October 2, 1942, as amended by section 202 of the Stabilization Extension Act of 1944, approved June 30, 1944, we hereby certify that the recommendations of this Board relating to changes in compensation are consistent with such standards now in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies and approvable for purposes of seeking rate increase relief.

FRANK M. SWACKER, *Chairman.*
GRADY LEWIS, *Member,*
JOHN A. LAPP, *Member* (except as to dissents indicated)

U. S. GOVERNMENT PRINTING OFFICE: 1946