

**Report**  
**TO**  
**THE PRESIDENT**  
**BY THE**  
**EMERGENCY BOARD**

**APPOINTED DECEMBER 31, 1947**  
**PURSUANT TO SECTION 10 OF**  
**THE RAILWAY LABOR ACT**

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**To investigate unadjusted disputes  
between the Alabama, Tennessee and  
Northern Railroad Company and other  
carriers and certain of their employees  
represented by the 17 Cooperating  
Railway Labor Organizations**

***(NMB Case No. A-2711)***

**JANUARY 28, 1948**

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**(No. 54)**

WASHINGTON, D. C., *January 28, 1948.*

THE PRESIDENT,

*The White House.*

MR. PRESIDENT: The Emergency Board appointed by you December 31, 1947, pursuant to section 10 of the Railway Labor Act, as amended, to investigate disputes between the Alabama, Tennessee & Northern Railroad Co. and certain other carriers and certain of their employees represented by the 17 cooperating railway labor organizations, has the honor to submit herewith its report and recommendations based upon its investigation of the issues in dispute.

Respectfully submitted.

GRADY LEWIS, *Chairman.*

HUGH B. FOUKE, *Member.*

ANDREW JACKSON, *Member.*

(II)

## **REPORT OF EMERGENCY BOARD APPOINTED DECEMBER 31, 1947, UNDER SECTION 10 OF THE RAILWAY LABOR ACT, AS AMENDED**

To investigate the facts of disputes between the Alabama, Tennessee & Northern Railroad Co. and other carriers and certain of their non-operating employees represented by the 17 cooperating railway labor organizations, both carriers and organizations being named in said Executive order and to report on them to the President within 30 days from the date of the Executive order.

### **INTRODUCTION**

On December 31, 1947, the President of the United States issued Executive Order No. 9918 creating an emergency board to investigate the facts concerning 18 carriers and 17 railway labor organizations representing the nonoperating employees of said carriers, the said Executive order reading as follows:

#### **CREATING AN EMERGENCY BOARD TO INVESTIGATE DISPUTES BETWEEN THE ALABAMA, TENNESSEE & NORTHERN RAILROAD CO. AND OTHER CARRIERS, AND CERTAIN OF THEIR EMPLOYEES**

Whereas disputes exist between the Alabama, Tennessee & Northern Railroad Co. and certain other carriers designated in list A attached hereto and made a part hereof, and certain of their employees represented by the 17 cooperating nonoperating labor organizations designated in list B attached hereto and made a part hereof; and

Whereas these disputes have not heretofore been adjusted under the provisions of the Railway Labor Act, as amended; and

Whereas these disputes, in the judgment of the National Mediation Board, threaten substantially to interrupt interstate commerce 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 the said disputes.

Each of the carriers involved shall be given independent consideration in such investigation, and the said labor organizations shall be permitted to function as a unit in proceedings before the board.

No member of the said board shall be pecuniarily or otherwise interested in any organization of railway employees or any carrier.

The board shall report its findings to the President with respect to the said disputes within 30 days from the date of this order. The report of the board

shall contain separate and independent findings with respect to each of the carriers involved.

As provided by section 10 of the Railway Labor Act, as amended, from this date and for 30 days after the board has made its report to the President, no change, except by agreement, shall be made by any of the carriers involved or their employees in the conditions out of which the said dispute arose.

HARRY S. TRUMAN

THE WHITE HOUSE,  
December 31, 1947.

List A attached to and constituting a part of said Executive order shows the carriers involved as follows:

LIST A

Alabama, Tennessee & Northern Railroad Co.  
Atlantic & East Carolina Railway Co.  
Belfast & Moosehead Lake Railroad.  
Chicago, Aurora & Elgin Railway Co.  
Chicago, North Shore & Milwaukee Railway Co.  
Colorado & Wyoming Railway Co.  
Columbus & Greenville Railway Co.  
East Tennessee & Western North Carolina Railroad Co.  
Fonda, Johnstown & Gloversville Railroad Co.  
Georgia & Florida Railroad.  
Louisiana & North West Railroad Co.  
Macon, Dublin & Savannah Railroad Co.  
Meridian & Bigbee River Railway Co.  
Midland Terminal Railway Co.  
Mississippi Central Railroad Co.  
Port Utilities Commission (Charleston).  
Tennessee Railroad Co.  
Wichita Falls & Southern Railroad Co.

List B attached to and made a part of said Executive order reveals the labor organizations involved:

LIST B

International Association of Machinists.  
International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America.  
International Brotherhood of Blacksmiths, Drop Forgers and Helpers.  
Sheet Metal Workers' International Association.  
International Brotherhood of Electrical Workers.  
Brotherhood Railway Carmen of America.  
International Brotherhood of Firemen, Oilers and Maintenance Mechanics, A. F. of L.  
Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees.  
Brotherhood of Maintenance of Way Employees.  
The Order of Railroad Telegraphers.  
Brotherhood of Railroad Signalmen of America.

National Organization Masters, Mates, and Pilots of America.  
National Marine Engineers' Beneficial Association.

\*International Longshoremen and Warehousemen's Unions, C. I. O.  
Hotel & Restaurant Employees' International Alliance and Bartenders'  
International League of America.  
American Train Dispatchers Association.  
Railroad Yardmasters of America.  
\*This organization should have been listed as International Longshoremen's  
Association, A. F. of L.

The President appointed Grady Lewis of Washington, D. C., Dr. Hugh B. Fouke of Painesville, Ohio, and Andrew Jackson of New York, N. Y., members of said emergency board.

The time fixed for the convening of the board was 10 a. m. on Tuesday, January 6, 1948, in Hearing Room A, Interdepartmental Auditorium, Department of Labor Building, Washington, D. C.

The board convened at said place on the day and hour named and organized by electing Grady Lewis as chairman, and appointed Ward & Paul of Washington, D. C., as the official reporter.

Appearances before the board were as follows:

#### EMPLOYEES

Lester P. Schoene, general counsel, and G. E. Leighty, chairman of the Employees National Conference Committee of the 17 cooperating railway labor organizations, and W. M. Homer, economist for the railway labor organizations.

Fred N. Aten, president, Railway Employees' Department, A. F. of L.

H. W. Brown, international president; J. E. Poulton, grand lodge representative, International Association of Machinists.

C. J. MacGowan, international president, International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America.

John Pelkofer, general president, International Brotherhood of Blacksmiths, Drop Forgers and Helpers.

L. M. Wicklein, general vice president, Sheet Metal Workers' International Association.

J. J. Duffy, vice president, International Brotherhood of Electrical Workers.

Irvin Barney, general president, Brotherhood Railway Carmen of America.

Anthony Matz, president; J. J. Wasloski, grand lodge representative, International Brotherhood of Firemen and Oilers, Round House and Railway Shop Laborers.

George M. Harrison, grand president; Martin C. Coad, special assistant to the president, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employes.

T. C. Carroll, president, Brotherhood of Maintenance of Way Employees.

G. E. Leighty, president, The Order of Railroad Telegraphers.

Jesse Clark, grand president, Brotherhood of Railroad Signalmen of America.

E. W. Higginbotham, president; W. J. Van Buren, secretary-treasurer, National Organization of Masters, Mates and Pilots of America.

Samuel J. Hogan, president; W. O. Holmes, secretary-treasurer, National Marine Engineers' Beneficial Association.

Joseph P. Ryan, international president, International Longshoremen's Association.

Hugo Ernst, president; George E. Brown, vice president, Hotel and Restaurant Employees' and Bartenders International League of America.

O. H. Braese, president; C. S. Mathews, vice president, American Train Dispatchers Association.

M. G. Schoch, president, Railroad Yardmasters of America.

#### CARRIERS

C. A. Miller, vice president and general counsel of the American Short Line Railroad Association, and his associate, William J. Kane, for the following carriers, all being members of that association:

Alabama, Tennessee & Northern Railroad Co.

Atlantic & East Carolina Railway Co.

East Tennessee & Western North Carolina Railroad Co.

Georgia & Florida Railroad Co.

Meridian & Bigbee River Railway Co. (J. C. Floyd, trustee)

Port Utilities Commission of Charleston, S. C.

Wichita Falls and Southern Railroad Co.

Frederick E. Stout, attorney, Chicago, Ill., representing the Chicago, Aurora & Elgin Railroad Co. and the Chicago, North Shore & Milwaukee Railroad Co.

John H. Dorsey, attorney, Washington, D. C., appearing on behalf of Maider & Maider, attorneys, Gloversville, N. Y., representing the Fonda, Johnstown & Gloversville Railroad Co.

L. R. Myers and P. A. Robinson, for the Louisiana & Northwest Railroad Co.

Sam A. Blair, general manager, for the Tennessee Railroad Co.

The Mississippi Central Railroad Co. sent copies of a letter addressed to Mr. Cole, secretary of the National Mediation Board, to the members of this emergency board.

The Midland Terminal Railway Co. submitted a written statement, to which was attached an exhibit purporting to show the financial condition of the carrier.

The Columbus & Greenville Railway Co., by R. C. Stovall, president, appeared later during the course of the hearings and presented the case of that carrier.

The dispute of the Macon, Dublin & Savannah Railroad Co., listed in the Executive order, was settled by direct negotiations of the parties during the course of the hearings.

The Belfast & Moosehead Lake Railroad Co. and the Colorado & Wyoming Railway Co. did not appear, nor did either of them submit any statement or communication with regard to their cases.

There were no employees before the board represented by the yardmasters or by the 3 marine organizations. Accordingly, the disputes are actually between 17 carriers and 13 organizations.

The board continued to hold hearings from January 6 to and including January 22, a total of 12 actual hearing days, excluding Saturdays and Sundays. The record consists of 1,466 pages of transcript together with exhibits of the organizations and the carriers.

Upon conclusion of the testimony of each carrier, the board canvassed the situation to determine whether there was any possibility of mediating any of the disputes. These efforts were unsuccessful.

The board thereupon went into executive session and carefully considered the record. This report and the recommendations contained herein are the result of that study.

#### BACKGROUND OF THE CASES

These disputes followed an arbitration award involving the Employees' National Conference Committee of the 17 Cooperating Railway Labor Organizations and the Eastern, Western & Southeastern Carriers' Conference Committees. The award was handed down on September 2, 1947, and called for an increase of 15½ cents per hour, effective September 1, 1947.

Following the arbitration, and in some cases subsequent mediation, 329 out of 346 carriers employing over 99½ percent of the employees represented by the organizations agreed to pay the 15½ cents per hour increase retroactive to September 1, 1947. A determination of the disputes affecting the 17 carriers involved will be the end of this wage movement.

For convenience, we shall hereafter refer to the 15½-cents-per-hour wage increase with its retroactive date as the "national pattern."

## PRINCIPAL CONTENTIONS OF THE PARTIES

The organizations contend:

(1) That the national pattern should be rigidly adhered to by all carriers, regardless of ability to pay;

(2) That this board may, notwithstanding the wording of the Executive order and if it finds that the situation warrants it, make one over-all recommendation that these carriers adhere to the national pattern, notwithstanding individual consideration of each carrier;

(3) That these carriers are paying wages below the standards set for the various positions by the greater majority of carriers and that any failure to adhere to the national pattern would widen the already existing differential between their wages and the standard wages;

(4) That the national pattern was set in order to meet the increased cost of living, which affects all the employees, regardless of whether they work for a rich or poor carrier and regardless of the fact that a great many of the employees may be living in rural communities;

(5) That all carriers, including the carriers before this board, have applied for increases in rates on their interstate traffic and that certain increases have been granted by the Interstate Commerce Commission—one factor given consideration by that Commission being the increase in wages;

(6) Failure of railroad wages to keep relative pace with wages in other industries.

(7) That labor should not be called upon to subsidize any uneconomic carriers, this being especially true because of the fact that when railroads buy their materials, they must pay the same prices for them that all carriers have to pay.

The carriers contend:

(1) That all of the carriers before the board are so-called "short-line carriers" and have always had different consideration, particularly insofar as wages are concerned, from the larger and more prosperous trunk lines;

(2) That ability to pay must be the determining factor in any case involving wages since, if it is not considered, some of these lines might be required to close down, thereby causing great inconvenience to the public;

(3) That there has been no actual collective bargaining upon the properties since the organizations have taken the adamant position that all these carriers must conform to the national pattern;

(4) That by the very wording of the order creating the Board, i. e., "each of the carriers involved shall be given independent con-



sideration at such investigation" and "the report of the board shall contain separate and independent findings with respect to each of the carriers involved," this board must consider each carrier independently and such consideration must include a careful investigation of many factors including ability to pay.

### GENERAL DISCUSSION

Before reporting our findings with respect to each of the carriers involved, we feel that it is important that a general preliminary discussion of some of the problems be had.

The award calling for the 15½ cent per hour increase was made by a 6-man Board, which had before it a tremendous amount of data and statistics, a portion of which has been given to this board. Its findings, based to a large extent on the increased cost of living, should be—and has been—given very serious consideration by all the carriers in this country. The carriers before this board constitute 17 out of a total of 346 railroads which have up to this time, adhered to the national pattern.

It seems obvious to us that, by reason of the award and the adherence to the national pattern by this overwhelming majority, cogent reasons must be given for not following the national pattern. But, however meritorious a national pattern may be or how universally it may be accepted, such pattern may not be made to operate as a substitute for collective bargaining between individual carriers and their employees as contemplated by the Railway Labor Act, as amended.

### INDIVIDUAL FINDINGS

#### ALABAMA, TENNESSEE & NORTHERN RAILROAD CO.

The employees involved in this dispute are the machinists, boiler-makers, blacksmiths, sheet metal workers, carmen, firemen and oilers, maintenance of way workers, and telegraphers.

This carrier operates from Mobile, Ala., to Reform, Ala., a distance of 214 miles. It connects with four other railroads. It also operates a car ferry service between Mobile and Blakely Island in Mobile Harbor. On the island, it operates approximately three miles of track, serving several industries. Except for the city of Mobile, the railroad does not serve any large communities.

The freight equipment is very much outdated and cannot be interchanged with other carriers. Since it is unable to interchange its cars with the cars of other carriers, it has no offset on the \$1.50 per diem payable by it. As a result, the car-hire to this carrier amounted to \$196,000 in 1946, and over \$231,000 for the first ten months of 1947.

About 80 percent of the carrier's traffic is interstate and 20 percent intrastate. Although the carrier has received relief in its interstate freight rates through the increases granted by the Interstate Commerce Commission, it has not yet received any relief on its intrastate freight rates since the Alabama Public Service Commission has not permitted corresponding increases.

Notwithstanding these facts, from figures submitted by this carrier, it is apparent that its operating revenue for 1947 should be substantially larger than it was for 1946, whereas, the deficit for 1947 will be considerably less than the deficit for 1946.

It is significant that the largest item of current obligations constitutes land-grant deductions of \$1,112,000, which have not been fully adjudicated to be chargeable against the carrier.

Again, in comparing statements of its revenues and expenses, there is a marked improvement for the first 10 months of 1947 as compared to 1946. The operating ratio for 1946 was 93.84 percent as compared to 83.86 percent for the first 10 months of 1947, notwithstanding the granting of the 18½ cents per hour increase to all nonoperating employees during the year 1946.

In the light of all the facts and circumstances, we recommend that this carrier pay to the employees involved in this dispute a wage increase of 15½ cents per hour, retroactive to September 1, 1947.

#### ATLANTIC & EAST CAROLINA RAILWAY CO.

This carrier operates as a lessee of the Atlantic and North Carolina Railroad, a majority of the stock of the latter being owned by the State of North Carolina.

According to evidence and exhibits presented by this carrier, a total of more than \$900,000 has been put into improvements on the property and in equipment since 1944, of which more than half has already been repaid, and the road shows a substantial and sound financial condition.

Based on all facts, we recommend that this carrier pay its nonoperating employees a wage increase of 15½ cents per hour retroactive to September 1, 1947.

#### BELFAST & MOOSEHEAD LAKE RAILROAD CO.

Only maintenance-of-way employees are involved in this dispute.

As previously stated, this carrier did not appear before the board. The only testimony offered was that of the brotherhood. Its representative testified that the carrier is a subsidiary of the city of Belfast, Maine, which controls the railroad through the ownership of a majority of capital stock.

In the light of all the facts and circumstances, we recommend that this carrier pay to the employees involved in this dispute a wage increase of 15½ cents per hour, retroactive to September 1, 1947.

CHICAGO, NORTH SHORE & MILWAUKEE RAILROAD CO.

This carrier is electrically operated. It is engaged in mass transportation of passengers along its 89 miles of track between Chicago, Ill., and Milwaukee, Wis. Its operation invades one of the most thickly populated regions of the United States.

Since some 79 percent of its operating revenues are derived from passenger fares, recent freight increase allowances have been of no appreciable help in enlarging its revenues. The failure of this source of increased revenue, coupled with legal inhibition to charge more than 2 cents per passenger mile on intrastate travel, placing an already reached ceiling on the source of approximately four-fifths of its entire revenues, is advanced as justification for declining to meet the demanded wage increase.

While only the clerks, telegraphers and dining-car employees are involved in the dispute here, the board was advised during hearings that similar, or larger, demands for wage increase are being made by the remainder of carrier's employees represented by other bargaining agencies.

The already existing favorable pay differential generally applicable to this carrier, as compared to competitive carriers operating in this congested and expensive living cost area, furnishes ample cause for such universal, though not concertedly urged, demands for increased pay.

The existence of supposed impediments to suitable fare increase is not new, nor is it novel to the States traversed by this carrier. Such barriers have been successfully removed by other carriers in other States.

If, indeed, the existence of this needed transportation facility is threatened by reason of inability to charge adequate fares, it seems only reasonable to assume that, upon such situation being made known by the carrier, every civic body within the whole region affected, as well as the labor organizations themselves, would assist in getting remedial legislation enacted or judicial determination made that would alleviate such situation.

Upon full consideration of all the facts and circumstances, the board recommends that wage increases be allowed the affected employees in the sum of 15½ cents per hour as of September 1, 1947.

## CHICAGO, AURORA &amp; ELGIN RAILROAD CO.

What is said of the Chicago, North Shore & Milwaukee Railroad is generally true of this carrier. It is an electric line operating west out of metropolitan Chicago to Aurora and Elgin, Ill. It differs from the North Shore line in that its entire operation is intrastate, and it has actually had, in recent years, effective public support in obtaining increased passenger fares.

The clerks, telegraphers, and signalmen are the employees of this carrier who are disputants here.

The board recommends allowance of wage increases to the employees involved in this dispute of 15½ cents per hour, retroactive to September 1, 1947.

## COLORADO &amp; WYOMING RAILROAD CO.

This carrier did not appear before the board, and has not supplied it with facts concerning the differences between it and its clerks, the only group of its employees involved here.

From the information supplied us by the Brotherhood of Railway and Steamship Clerks, which organization was certified by the National Mediation Board in September 1946 as the bargaining agency for such employees it appears that negotiations with carrier for a general working-agreement schedule has been carried on from that date, and for a general wage increase since April 1947.

It further appears that the carrier was bound by the arbitration proceedings directing a 15½ cents per hour wage increase as of September 1, 1947, to the extent of all employees represented by the seventeen nonoperating labor organizations except the clerks. Notwithstanding the fact that the arbitration award did not include the clerks, the carrier has unilaterally applied the wage increase therein granted to that craft.

The insistence of the organization for a wage agreement that embodies the provisions of the unilateral decision of the carrier has, in due course, brought the dispute here.

The board is left to conjecture that the reason for carrier's refusal to grant the wage increase through negotiated contract lies in the fact of its inability to consummate a schedule for general working agreement with these employees.

We know of no requirement that makes hourly wage scales dependent upon the working schedule. It follows that a recommendation for allowance by contract, negotiated on the property with the certified bargaining agent, of a wage increase of 15½ cents per hour to carrier's clerks, from and after September 1, 1947, is indicated. The board so recommends.

## COLUMBUS &amp; GREENVILLE RAILWAY CO.

Evidence presented to the board reviews the history of this carrier from 1923, when it was purchased from a receivership, and after 3 years was granted cancellation of a second mortgage of \$2,000,000 against the property. In the intervening years, the company has consistently reported a relatively successful operation. We recommend that this carrier pay 15½ cents to its nonoperating employees, retroactive to September 1, 1947.

## EAST TENNESSEE &amp; WESTERN NORTH CAROLINA RAILROAD CO.

This carrier entered no formal appearance before the board other than a statement by the attorney for the Short Line Association that it claimed immunity to the demands for wage increase by reason of an alleged agreement under date of October 28, 1946, negotiated with the local chairman of the affected employees, that declared a moratorium for a period of 2 years from that date during which time no further wage increases would be asked by such employees. That, agreeable to such contract, the carrier had granted a wage increase of 18½ cents per hour as of that date, after a strike ballot had been circulated demanding such increase without any attendant moratorium.

We find such situation to exist in fact. We also find that at the time the agreement with the local chairman was consummated, the carrier knew and had known for a long period of time, that the representative of the bargaining agent, authorized to negotiate such contract, was not the local chairman but the general chairman of the organization.

While such situation obtained, the dispute was certified to the President and, as an unsettled difference, found its way before an emergency board. That board made no constructive recommendation with respect to it.

No further action has been taken on the matter. The carrier has continued to pay the 18½-cent increase, the employees have continued to accept it, and the legal representative of the bargaining agent has done nothing to affect the still outstanding strike ballot until the circulation of the present strike ballot that provoked the present emergency, asking for an additional 15½ cents per hour wage increase.

We are unable to find any authority in this board to deal with sound morals and good faith in the matter of the application of the provisions of the Railway Labor Act, as amended. If such authority could be found, it would seem that this case, with its questionable propriety of conduct of all parties, would be a proper place to exercise such authority. Lacking such power, we must, regretfully, leave the par-

ties as we find them with respect to previous matters and deal solely with the dispute before us.

Such being the situation, we have but to say that there is no cogent reason before us that would warrant a denial of the requested wage increase of 15½ cents per hour, as of September 1, 1947. We, therefore, recommend its allowance.

FONDA, JOHNSTOWN & GLOVERSVILLE RAILROAD CO.

This carrier operates a steam railroad and several bus lines between Schnectady and Northville, N. Y. The employees involved are the clerks and the maintenance of way workers. These employees represent 64 out of a total of 173 employed by this carrier. Ninety-five of the employees are represented by the Amalgamated Association of Streetcar, Railway and Motor Coach Employees of America, 7 by the Brotherhood of Locomotive Firemen and Enginemen, and 7 by the Brotherhood of Railroad Trainmen.

As of November 30, 1947, current assets were \$199,085, of which \$40,000 were earmarked to apply on the purchase of six new buses delivered to the carrier on December 31, 1947. The total cost of the buses was \$109,400, and the balance of the purchase price came from the Government bonds.

As a result of negotiations on the property between the carrier and the amalgamated association, a 1-year-contract was entered into, effective as of November 1, 1947, calling for a 10 cents per hour wage increase. In similar fashion, a 10 cents per hour increase was granted to the 14 employees represented by the 2 operating brotherhoods, effective November 1, 1947. The carrier offered the same increase to the employees represented before this board, retroactive to November 1, 1947. These employees insisted upon adherence to the national pattern. The carrier took the position that aside from its inability to pay, it could not, in fairness, give one group of employees preferential treatment over another group of employees without disrupting the process of orderly collective bargaining with the employees on its property, especially since it had been its custom to treat its employees as nearly alike as circumstances might warrant.

In view of all the facts and circumstances, we recommend that this carrier pay a wage increase of 10 cents per hour to all employees before this board, effective November 1, 1947.

GEORGIA & FLORIDA RAILROAD CO.

The employees involved in this dispute are the machinists, boiler-makers, blacksmiths, sheet metal workers, carmen, maintenance-of-way workers, and the telegraphers.

This carrier has been in the hands of receivers since October 1929, and, as a matter of fact, for practically the entire term of its existence, commencing in 1906. It is an independent carrier, operating a distance of 309 miles from Madison, Fla., to Greenwood, S. C., and 99 additional miles of branch lines. The carrier serves principally an agricultural area consisting of 1 county in Florida, 13 counties in Georgia, and 4 counties in South Carolina. A total of over \$15,000,000 has been invested in this property. Since 1929, the only securities upon which any payments have been made are the receiver's certificates, totaling \$600,000 (upon which the interest rate was originally 7 percent and subsequently reduced to 4 percent and a loan from the Reconstruction Finance Corporation of a little more than \$350,000, upon which the interest rate was originally 6 percent, then reduced to 5½ percent on January 1, 1933, 5 percent on July 1, 1933, and 4 percent, the current rate, on November 1, 1933.

So far as competition is concerned, there are 13 railroads competing with this carrier at 15 common points, or an average of 1 railroad at every 15.1 mile. The effect of this is that, although the carrier has 407 miles of line upon which hauls could be made, actually the average haul is 105 miles.

Indications are that the total operating revenue of the carrier will be approximately the same amount for 1947 as for 1946; that the total deficit will be about the same, possibly greater; 1946 and 1947 constituted the best years, including the war years, in terms of operating revenue since 1935.

Last year, as a result of a recommendation made by the so-called Wolfe board, the carrier and the employees bargained on the property for an increase of 18½ cents an hour for the skilled employees, 15 cents an hour for semiskilled employees and 8½ cents an hour for the unskilled employees, retroactive to July 1, 1946.

In view of all the facts and circumstances, we recommend that this carrier pay a wage increase in the same ratio as was arrived at by collective bargaining on the property between the parties, which would result in increases of 15½ cents per hour to skilled employees, 12½ cents per hour to semiskilled employees, and 7 cents an hour to unskilled employees, retroactive to September 1, 1947.

#### LOUISIANA & NORTH WEST RAILROAD CO.

This carrier's line extends a distance of 99.2 miles from McNeil, Ark., to Chestnut, La. It operates a freight train from McNeil to Gibsland, La., and one from Gibsland to McNeil, daily. Three days a week it operates a round-trip freight from Gibsland to Chestnut. A motor

car carrying mail, express, and passengers makes a round trip daily and Sunday between Gibsland and McNeil.

The line from Gibsland south to Chestnut traverses a very low, swampy country with some additional lowland north of Homer, La. This region was subjected to unusually heavy rainfall during 1946 and 1947. These wet seasons, augmented by the inability to buy suitable quality and quantity of cross ties during the war years, has caused the roadbed and track of this railroad to be in almost unusable condition. No less than 311 derailments occurred during 1947, notwithstanding the practice of running trains at an average of 5 miles per hour. So serious had this situation become that, in November 1947, the general chairman of the 3 operating brotherhoods addressed a letter of protest to carrier's president and demanded additional maintenance-of-way work within "a reasonable time," or an inspection from the Interstate Commerce Commission would be called for to investigate its tracks and bridges.

To remedy this situation, carrier has expended, during the past year, approximately twice the normal amount on cross-tie installations spent by it in other like periods. This extra cost has been charged to operating expense rather than to capital expenditure for physical improvements.

The carrier says that this was necessary and proper, since it could not raise new money, and unless such work was done, operation of the property could not continue. Carrier also says that by reason of such unusual maintenance costs, funds are not and will not be available to meet present wage demands even after receipt of temporary freight increases authorized on interstate shipments that have not yet been made applicable to intrastate freight. It cites the fact that the general office employees already lag 40 percent behind the 1946 wage increase allowed the nonoperating employees, and supplies figures showing the salary of its president to be \$208 per month, of its auditor to be \$265 per month, and its general superintendent to be \$350 per month after 24 years' service.

Another wage difficulty is faced by the carrier in the form of a 15½ cent per hour increase demanded by the operating employees, retroactive to November 1, 1947.

The working agreement between the carrier and its operating employees furnishes a unique example of collective bargaining in that the employees have agreed to forego claims for overtime that may arise in making their regular runs. The carrier says that by reason of the deplorable condition of the roadbed requiring a speed of 5 miles per hour, and the unprecedented number of derailments, picked up by the operating crews, overtime would have accrued that would have



necessitated an abandonment of operation had it been necessary to pay it.

This arrangement, as affected by present wage demands, forms the basis for carrier's proposal of settlement of the present dispute.

Its proposal is that a wage increase of 15½ cents per hour be granted the operating groups, with the agreement that no overtime be paid those groups and that the aggregate percentage of increase the 15½ cents would give the operating groups be given the nonoperating groups, who are not asked to forego overtime pay.

Such aggregate percent should approximate a 12 percent increase; it would afford the higher paid employees the full 15½ cent raise and add the same percent to the lower wage scales. The lack of cents increase per hour for the lower paid groups would be compensated for in overtime pay, since the section crews, being in the lowest paid groups, are called on for an unusual amount of overtime work by reason of the inordinate number of wrecks.

The pay differential generally accorded similar short lines has not been fully accorded this carrier, according to proof submitted the board. Should the proposed settlement be put into effect, the pay of the nonoperating employees would still compare favorably with such employees on similar short lines.

From a full consideration of all factors that must be considered under the circumstances as they now exist on this carrier, we are of the opinion that the offer of settlement made by the carrier is a reasonable one and, accordingly, recommend that such proposal be used as a basis for settlement of the dispute.

#### MERIDIAN & BIGBEE RIVER RAILWAY CO.

This railroad extends from Meridian, Miss., to Myrtlewood, Ala., a distance of 50 miles. It was built as a connecting link between the southwest carriers and the southeast and eastern carriers. It operated spasmodically between the years 1928 to 1933, when it was thrown into bankruptcy where it is still. A loan from Reconstruction Finance Corporation enabled the completion of the last 20 miles of its track. The road has been operated throughout the entire period of its history at a deficit with the exception of the year 1942. Its 35 maintenance of way employees are involved in this proceeding.

In addition to its financial distress, the trustee of this carrier has an added difficulty, in that the order appointing him restricts his contracting for the expenditure of more than \$100 without court approval.

Under such circumstances, this board is reluctant to make too fixed recommendations that might be considered directly to the court. However, from the physical set-up of the carrier property, it appears to

us that the final solution of the problem presented by this carrier is its absorption by one of the connecting trunk line carriers. Should this be contemplated, or done, the need for uniform wage rates on the entire consolidated property, aside from any other consideration, would become immediately manifest.

We, therefore, recommend that the trustee submit the controversy to the court for consideration along the line here suggested with a view of granting the 15½ cents per hour wage increase demanded.

**MIDLAND TERMINAL RAILWAY CO.**

The only appearance before this board from the carrier was a written statement to which was attached a financial record. This carrier is a subsidiary of the Golden Cycle Corp. and 90 percent of its traffic consists of hauling gold ore from the Cripple Creek Gold Mining District to the Gold Cycle Reduction Mill in Colorado Springs.

After studying the statement of the carrier and noting the record for the past 16 years, it is the recommendation of the board that the carrier make a contract with its employees for an increase of 15½ cents per hour, retroactive to September 1, 1947.

**MISSISSIPPI CENTRAL RAILROAD CO.**

Evidence before the board concerning this carrier was limited to copies of two letters both written by the carrier, one addressed to the National Mediation Board, and one to the general chairman of the Brotherhood of Railway Carmen of America.

The carrier declined to make a personal appearance on the ground that the only issue to be settled was the effective date of the 15½ cent wage increase which it had already unilaterally applied, but not retroactive to September 1, 1947.

The board recommends that this carrier negotiate an agreement on the property with the duly certified bargaining agent of the employees affected for the increased 15½ cents per hour, retroactive to September 1, 1947.

**PORT UTILITIES COMMISSION OF CHARLESTON, S. C.**

The clerks are involved in this dispute.

The only evidence adduced on behalf of the carrier was that of Mr. C. A. Miller, counsel for the American Short Line Railroad Association. He stated that the carrier represented to him that there had been a reorganization involving a separation of certain functions, and that the carrier was willing to adhere to the national pattern so far as four of the employees were concerned, but it was not willing

to pay the increase to the balance of 12 employees since the latter were not performing railroad work.

The employees introduced evidence that this carrier was owned and operated by the city of Charleston, S. C.; that the Brotherhood of Railway and Steamship Clerks has been the recognized bargaining unit for all these employees since 1937; that the contract was made with the carrier effective June 1, 1938, covering all these employees insofar as wages, rules, and working conditions were concerned; and that contract remains in effect today, the scope rule of which includes the affected employees. The employees' witness further testified that the employees are doing identically the same work they had been doing prior to the change mentioned by Mr. Miller, and that none of the jobs had been abolished.

In view of all the facts and circumstances, we recommend that this carrier pay to all the employees involved in this dispute a wage increase of 15½ cents per hour, retroactive to September 1, 1947.

#### TENNESSEE RAILROAD

This carrier is concerned in this dispute only with maintenance-of-way employees. Since the order creating this board was issued, the carrier has succeeded in securing an arbitrary increase in freight rates from the Tennessee Railroad and Public Utilities Commission, making wage increases financially possible. Readiness to grant them as soon as possible was evidenced by an immediate settlement through collective bargaining on the property with its machinist employees, of a 15½ cents per hour wage increase as of January 1, 1948.

The carrier has expressed its willingness to extend the pattern of this settlement to the employees involved in his dispute. We recommend that its proposal be accepted.

#### WICHITA FALLS & SOUTHERN RAILROAD CO.

The machinists, boilermakers, blacksmiths, carmen, firemen and oilers, clerks, and maintenance-of-way employees of this carrier are parties to this proceeding.

The same groups of employees were parties to a dispute with carrier in 1946, when a wage increase of 18½ cents per hour was being asked. That dispute found its way to a Presidential emergency board. The emergency board recommended that the difficulty be resolved by negotiations by the parties. Negotiations instituted under that recommendation are still being conducted and carrier now says it cannot agree to the present demand until the previous request is disposed of.

The tracks of this carrier extend from Wichita Falls, Tex., to

Dublin, Tex., a distance of 168.76 miles. It forms connections with, and potential extensions to, as many as six of the major railroad systems operating in that region.

With the chronic financial condition complained of by carrier, it is, to this board, inevitable that this carrier must and will be absorbed by some one of these major carriers.

The possibility of absorption, with an attendant requirement of a uniform wage scale, would without consideration of the fact that the wages here are generally below the differential ordinarily recognized for short lines, warrant a substantial wage increase. When to these factors is added the very apparent futility of recommending direct negotiations to affect a satisfactory wage level, we consider a recommendation for a 15½ cent per hour increase as of September 1, 1947, as entirely proper, and so recommend.

Respectfully submitted.

GRADY LEWIS, *Chairman.*

HUGH B. FOUKE, *Member.*

ANDREW JACKSON, *Member.*