Report

TO

THE PRESIDENT

BY THE

EMERGENCY BOARD

APPOINTED JANUARY 14, 1948
PURSUANT TO SECTION 10
OF THE RAILWAY LABOR ACT,
AS AMENDED

To investigate unadjusted disputes between the Chicago, North Shore and Milwaukee Railway Company and certain of its employees represented by International Union of Amalgamated Association of Street Electric Railway and Motor Coach Employees of America, a labor organization.

(*NMB Case A-2693*)

CHICAGO, ILLINOIS

FEBRUARY 14, 1948

(No. 55)

LETTER OF TRANSMITTAL

FEBRUARY 14, 1948.

The PRESIDENT,
The White House.

MR. PRESIDENT: The Emergency Board appointed by you January 14, 1948, pursuant to Section 10 of the Railway Labor Act, as amended, to investigate disputes between the Chicago, North Shore & Milwaukee Railway Co. and its employees represented by the International Union of Amalgamated Association of Street Electric Railway and Motor Coach Employees of America, a labor organization, has the honor to submit herewith its report and recommendations based upon its investigation of the issues in dispute.

Respectfully submitted.

HARRY H. SCHWARTZ, *Chairman.*
RUSSELL WOLFE, *Member.*
ROBERT E. STONE, *Member.*

REPORT OF EMERGENCY BOARD APPOINTED JANUARY 14, 1948, UNDER SECTION 10 OF THE RAILWAY LABOR ACT, AS AMENDED, TO INVESTIGATE THE FACTS IN DISPUTE BETWEEN THE CHICAGO, NORTH SHORE & MILWAUKEE RAILWAY CO. AND ITS EMPLOYEES REPRESENTED BY INTERNATIONAL UNION OF AMALGAMATED ASSOCIATION OF STREET ELECTRIC RAILWAY AND MOTOR COACH EMPLOYEES OF AMERICA, A LABOR ORGANIZATION, AS STATED IN THE PRESIDENT'S EXECUTIVE ORDER OF JANUARY 13, 1948, AND TO REPORT TO THE PRESIDENT WITHIN 30 DAYS FROM THE DATE OF SAID EXECUTIVE ORDER

INTRODUCTION

On January 13, 1948, the President of the United States issued Executive Order 9922 creating an Emergency Board to investigate the matters in dispute between the railway and its employees recited in said order. The said Executive order reads as follows:

EXECUTIVE ORDER CREATING AN EMERGENCY BOARD TO INVESTIGATE A DISPUTE BETWEEN THE CHICAGO, NORTH SHORE & MILWAUKEE RAILWAY CO. AND CERTAIN OF ITS EMPLOYEES

Whereas a dispute exists between the Chicago, North Shore & Milwaukee Railway Company, a carrier, and certain of its employees represented by the International Union of Amalgamated Association of Street Electric Railway and Motor Coach Employees of America, 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 the States of Illinois and Wisconsin to a degree such as to deprive those States 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 dispute. 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 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 Chicago, North Shore &

Milwaukee Railway Company or its employees in the conditions out of which the said dispute arose.

HARRY S. TRUMAN.

THE WHITE HOUSE,
January 13, 1948.

On January 14, 1948, the President appointed Harry H. Schwartz of Casper, Wyo., Russell Wolfe of Philadelphia, Pa., and Robert E. Stone of Syracuse, N. Y., members of said Emergency Board.

The time fixed for the convening of the Board was 10 a. m. on Monday, January 19, 1948, in the United States Circuit Court of Appeals Building in the city of Chicago, Ill., at which time and place the Board met, and the hearings began.

The Board organized and designated Harry H. Schwartz chairman, and approved the designation of Ward & Paul as official reporters. The President's Executive Order No. 9922 issued January 13, 1948, was inserted in the record.

At this session Mr. E. L. Oliver appeared for the organization representing the employees; and Frederick E. Stout and Herbert Johnson entered their appearances for the carrier.

Mr. Oliver advised the Board the officers of the labor organization representing the employees only a few days before first learned of the date set for this hearing and that the employees' case required examination of extensive records in Washington, D. C., as well as other preparation necessary to properly present to the Board the facts in dispute, and that it would require two week's time to secure the data deemed necessary. The carrier's representatives advised the Board they were ready to proceed but had no objection to adjournment requested being granted. Action on this request was deferred until the Board and parties met on the following morning, at which time the request was further considered and the Board granted a postponement for 2 weeks. An adjournment was taken until Monday, February 2, 1948, at 9:30 a. m.

The hearings were resumed Monday, February 2, 1948, at 9:30 a. m., Lester Plotkin and W. M. Homer appearing for the employees, and Frederick E. Stout for the carrier.

The hearings were held daily from February 2, to and through February 7. The transcript of the proceedings contains 710 pages. The employees introduced 43 exhibits, and the carrier 16.

THE FACTS IN DISPUTE

By notice served on April 10, 1947, the officers of the employees' local Division 900 of the Amalgamated Association, proceeding under Section 6 of the Railway Labor Act, as amended, notified the president of the Chicago, North Shore & Milwaukee Railway Co. of its desire to change wage rates and working rules to become effective 30 days from date of the president's receipt of said notices. This original notice specified 15 changes desired. At later dates, 7 of these specifications were composed in mediation or withdrawn. The requests neither withdrawn nor composed in mediation, which the carrier declined to grant and were in dispute before this Board are as follows:

GENERAL

1. Increase all wage rates by twenty (20) cents per hour.

2. Provide for paid Sick Leave for all employees covered by Agreement after one (1) year of service as follows: One (1) normal work day's pay for each month of service or fraction thereof accumulative to a maximum of thirty (30) days.

3. Three (3) weeks' paid vacation granted to all employees covered by the Agreement, who have completed fifteen (15) years' service.

4. All employees covered by the Agreement, working on the following Holidays: New Years, Decoration Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas, shall be paid for such work at the time-and-one-half rate.

MECHANICAL DEPARTMENT

1. The Company to furnish washing facilities for Shopmen's working clothes.

2. Adjustment and elimination of inequities of Key Men in all crafts. This to also include the 1st Class Overhaulmen at 10th Street Garage and the Welders Classification.

MILWAUKEE AND WAUKEGAN CITY OPERATORS

1. The Company to furnish the required uniforms to Milwaukee and Waukegan operators.

5. Extra City operators shall be guaranteed eighty (80) hours per pay period; one (1) scheduled day off each week; and shall be paid time-and-one-half ($1\frac{1}{2}$) for all time in excess of nine hours work in any one (1) day (exhibit C–16).

POSITION OF THE PARTIES

Briefly stated the carrier says that all requested rules are money rules and are intended to secure for certain employees unjustified additional pay beyond the basic 20 cents per hour demanded for all employees.

The carrier also presents exhibits intended to show that its present income is not sufficient to meet current operating expenses: that its operating deficit is increasing; that the company is not only without present ability to pay an increase in wages, but has neither the cash, borrowing credit, or other resources which can be used to meet an increased wage.

The employees challenge all these claims made by the carrier. They not only contend that the carrier has present ability to pay the increased wage rates asked for, but that it has the cash, and assets from which cash can be realized, sufficient to pay increased labor operating costs. Generally, the employees' exhibit and arguments are based on the proposition that the company's wage earners are entitled to receive a wage that will meet the present high cost of living and maintain their families and homes on at lease a level with modern comforts in American homes. This, they say, cannot be done with present wages; and neither can the company prosper when its workers do not prosper.

MEDIATION

The Board conferred with the parties separately in an earnest effort to adjust their differences, but regrets to say that it was unable to compose any of the disputes through mediation.

GENERAL DISCUSSION—WAGE DEMANDS

I. FACTS CONCERNING WAGE COMPARISONS, STANDARDS OF LIVING, RISE IN COST OF LIVING

The average rate of compensation of the men before this Board is $1.064 per hour (Tr. 467, 569G). Their request is for an increase of 20 cents per hour. (The employees before this Board will hereinafter be referred to as North Shore employees.)

1. The North Shore employees urge a comparison of their wages with those of others as a justification of their demands. Such comparisons have more weight when made between men performing the same kinds of work. For some 50 years in this industry both management and employees for convenience in handling wage comparisons generally have accepted the rate of the top senior operator, bus driver, or motorman (Tr. 45). The rate of pay for that type of service on the North Shore Line is $1.125 per hour (Tr. 50).

There follows a comparison for similar work with top hourly rate pay of one-man operators on the other transit companys in the Chicago area as of January 1948 (Ex. E-4).

Chicago Surface Lines	$1.420
Milwaukee Electric Railway & Transport Co	[1] 1.260
Gary Railways Co	1.400
Chicago Rapid Transit Co	1.331

Chicago Motor Coach Co	$1.420
Chicago & Calumet District Transit Co	1.420
Evanston Bus Co	1.420
Chicago & West Towns Railway Co	1.420
Average of eight lines	1.386
North Shore employees	1.125
Difference	.261

[1] Demand for increase to $1.50 per hour now in arbitration (Tr. 52).

2. The men on the foregoing eight roads have had their wages increased about 38½ cents per hour since VJ-day (Ex. E-4). Those on the North Shore in the same period of time have received only an 18½ cents increase (Ex. E-4).

3. Inasmuch as on VJ-day North Shore employees then were working for from 3 to 10 cents an hour less than employees on these other roads, a full 20-cent increase would still fail to bring their wages up to the level of those paid similar employees by the other lines (Ex. E-4).

4. The general conditions on the North Shore and these other roads are comparable. The work the men do is the same. The standards of living they are expected to maintain are substantially the same. The cost of living changes affecting them is substantially the same (Tr. 53-57).

5. The United States Bureau of Labor Statistics published findings showing the cost of a city worker's budget for a family of four as of November 1947. In Chicago it amounts to $3,541 per year and in Milwaukee to $3,523 (Ex. E-14; Tr. 94-105). An employee of the North Shore would be taxed approximately $150 per year extra for his Railroad Retirement benefits, bringing his total cost of living to $3,691 and $3,673, respectively (Tr. 101).

The Heller Committee for research in Social Economics of the University of California in substance anticipates the findings of the Bureau of Labor Statistics. Taking its basic data for the lowest of three income levels and giving effect to differences in costs between the Chicago area and that of San Francisco, and the difference in prices at the date of that report and today's prices, it indicates that the cost of a wage earner's family of four in Chicago would total $3,778 per year and $3,816 in Milwaukee (Ex. E-16, E-17, E-18). Adding the tax for Railroad Retirement benefits would bring the above to $3,928 and $3,966, respectively.

It is interesting to note that the Bureau of Labor Statistics budget calls for no family automobile in the Chicago area and allows 25 cents for meals. The Heller budget allows for the use of a family automobile and calls for 30-cent meals. It is apparent that neither budget provides for an excessively high standard of living (Tr. 94–106).

The foregoing theoretical adequate budgets are compared with the wages of the North Shore employees, which average $2,646 per year (Ex. E–13, E–14). This can be graphically shown by a tabulated comparison of these budgets with the wages of wage earners of the North Shore. The earnings given below for each class of worker are based upon a man's working all 52 weeks of the year, a full 48 hours each week, and with no time off for sickness or death.

	Chicago North Shore employees	Bureau of Labor Statistics Chicago budget	Heller Chicago budget (adapted)	Milwaukee North Shore employees	Bureau of Labor Statistics, Milwaukee budget	Heller Milwaukee budget (adapted)
Top operators	$2, 808	$3, 691	$3, 928	$2, 808	$3, 673	$3, 966
Top mechanics	3, 232	3, 691	3, 928	3, 232	3, 673	3, 966
Car cleaners	2, 334	3, 691	3, 928	2, 334	3, 673	3, 966
Average employee	2, 646	3, 691	3, 928	2, 646	3, 673	3, 966

(Above taken from Ex. E–15.)

Considering that the items in the theoretical budgets are hardly more than what the American standard of living requires as a minimum for an American wage earner, it becomes obvious that the present earnings of the men before this Board are insufficient to enable them to enjoy such material and cultural advantages as are generally considered a part of the American standard of living.

Under the existing wage scales a North Shore employee with a family to support has to see his wife and children unduly scrimp on clothing, forego educational advantages, and neglect needed medical attention.

There is evidence in the record that the North Shore employees over the recent months have been compelled to sell Government Bonds purchased during the early war years when prices had been somewhat held in check by the stabilization program and savings were possible (Tr. 273).

6. So great has been the increase in prices since January 1, 1946 that an increase now of approximately 30 percent would be required to compensate for the increased cost of living (Ex. E–24).

Reviewing the foregoing, it would appear that the men before this Board require a substantial increase in wages to enjoy the standard of living proper for wage earners in this community and to take care of the material and intangible requirements of an American family. To remove a discrimination as compared with like workers in this area and to raise the wage to a level of those now paid other workers similarly situated requires a substantial raise in wages. Unless there are compelling reasons requiring this Board to act otherwise, it would seem bound to recommend that the employer grant substantially the demands of these men.

II. IS THE WORK OF THESE MEN WORTHY OF HIGHER PAY?

Probably every occupation is essential under some circumstances, but most will admit that the furnishing of transportation, along with the furnishing of food, clothing, shelter, and sanitary, educational, and health facilities, is one of the generally more important essential services. The North Shore furnishes needed transportation to the areas which it serves. Men who devote their lives to the furnishing of such to the community ought to be rewarded with compensation enabling them to meet the cost of living.

Transportation employees have been recognized as being exposed to dangers above the average and therefore entitled to special consideration. Driving a bus so as to maintain a programmed schedule is difficult. Collection of fares and dealing with the public at the same time is not always easy. Continuous driving in modern traffic is a strain.

If transportation adequate to the needs of the community is to continue functioning smoothly, efficiently, and safely, then the men who do the work should receive recognition in the way of adequate compensation.

The Bureau of Labor Statistics shows that average earnings as of October 1947 for all workers in manufacturing industries in the United States, male and female, skilled and unskilled, union labor and unorganized, is $1.257 per hour (Tr. 569–D). In the Chicago area, the average in the iron and steel industry is $1.398; printing and publishing $1.539; petroleum and refining $1.589, and so forth (Tr. 569–F). Railway Express vehicle drivers in Chicago have recently had their pay increased from $1.309 per hour to $1.464 per hour (Tr. 84–85). A North Shore top one-man bus operator receives $1.125 for work requiring greater skill and more responsibility.

Industries are required to pay the going rate for supplies and equipment. If they don't pay, they do not obtain the supplies and must cease operation. Similarly industries must pay the going rate for labor. If they do not pay the going rate the employees don't work and they will have to cease to operate.

Communities have acted in some cases as if men serving in essential industries ought to receive less wages than the going rate in order that such essential industries may continue to serve the community. Why? Why should people feel that they must pay the going rate for materials that are essential, but not for labor that is essential?

Why should people recognize that they must pay the going rate for labor in ordinary occupations but do not recognize the need to do so for labor engaged in furnishing these essentials? Not having found an answer, we are of the opinion that neither the community that demands nor the industry which immediately furnishes the service should expect to see the service continued unless all elements of production including labor are paid for at the going rate.

The going rate for this type of service in this community at the present time is more than the men before this Board are now receiving.

III. WHAT WOULD BE A PROPER WAGE RAISE?

During a good part of the year 1947 many employers and employees in the United States got together in instance after instance and mutually agreed, or agreed through arbitration, as to what raises the men should receive. During the summer, over 300 carriers as a result of arbitration previously agreed upon put into effect a 15½ cents per hour increase in wages (Tr. 30). Inasmuch as these carriers operate the major lines of the Nation, this increase came to be known as "the national pattern." Numerous carriers in situations comparable to that of the North Shore have granted raises in wages of as much as 45 cents per hour or more since VJ-day (Ex. E–5). Raises of from 20 cents to 29 cents per hour have not been unusual in 1947 (Ex. E–5). Many raises are found in the area of 13 to 17 cents per hour. After consideration of all the factors this Board has come to the conclusion that rather than vary a few cents above or below the national pattern it would be less upsetting and more acceptable to all if the North Shore should put into effect the national pattern of 15½ cents per hour, retroactive to September 1, 1947.

IV. WHAT IS THE SITUATION OF THE EMPLOYER?

1. *Is the company physically and financially in good condition?*—The balance sheet shows total assets as of November 30, 1947, of $22,564,099.05. This is after acquisition adjustment and reserves for depreciation totaling $26,911,110.91 (Company Ex. 9).

The company has no outstanding bonded indebtedness, outstanding equipment trust certificates, or bank loans. It has $808,097 cash on hand (Tr. 412, 525).

During the war, most of the road was reballasted, and new ties and tracks were laid. This, together with other improvements cost over $2,500,000 (from prepared statement by President Fallon. Tr. 408–409, 418).

The president testified that over the next three years something in the nature of $3,000,000 should be expended to complete the rehabilitation program. Of this sum, he says $1,500,000 must be spent to replace the present electric substation in the State of Wisconsin, and the balance to install interlocking plants, to complete the automatic crossing protection, and to complete track rehabilitation (Tr. 410). Upon the expenditure of this $3,000,000 the road's condition will be greatly improved.

In 1941, the road purchased two streamlined trains at a total cost of $300,000 which have been paid in full (Tr. 423). Additional like equipment should be installed over the next few years (Tr. 411), although no estimate was given of the cost of such equipment. If such equipment should be acquired this company should be able to offer facilities equal to or better than those of most of its competitors.

This company has resources that may go to complete the rehabilitation program. As of November 30, 1947, it had on hand securities amounting of $2,200,172.41 specially earmarked for this improvement and rehabilitation program (Tr. 548). It also could sell or borrow upon its non-operating miscellaneous physical properties which after depreciation are carried on the books at $3,071,375.97.

2. *Is the company's income sufficient to take care of the demands of these employees?*—The company in exhibit 12, estimated that the total demands of the men before this Board for an increase in pay of 20 cents per hour amount to $240,120.38 per year. This was upon the basis of 1947 annual man-hours of work, overtime, and payroll taxes thereon. The national pattern calls for an increase of 15½ cents per hour. This, calculated on the same basis, amounted to $186,079.35 per year. With labor more plentiful in 1948 the company currently is eliminating the need for overtime work. The effect of this reduction of overtime is to reduce the cost of total wages from that given in the company estimate (Tr. 466).

It seems axiomatic that if the company is to maintain harmonious labor relations, it must give similarly situated employees like increases. A 20 cents an hour increase given to all 1,300 employees of the company, including office staff, extra gangmen, track layers, and everyone else, would total $804,495.32. If the increase is only 15½ cents per hour, it would total $623,483.86. Again the money cost of meeting the demands would be cut down by the cutting down of overtime.

How much of these demands can be met currently by this company?

The company (Ex. C–11) submitted an income statement for the first eleven months of 1947 showing a deficit of $106,483.71

from all operations. This item does not tell the whole story, for the following must be kept in mind:

(*a*) Following an application made by the company about one year ago (Tr. 392), the Illinois Commerce Commission issued an order in October 1947, effective November 1, 1947, authorizing the company to increase its commutation fares 10 percent.

The rates in Waukegan City were increased in November 1947.

Freight rates were increased October 1, 1947, and again on January 8, 1948 (Tr. 605).

The foregoing three increases are estimated to bring in $208,000 (per President Fallon. Tr. 588).

A petition was filed by this and other western carriers on December 29, 1947, for an increase of basic passenger rates from 2.2 cents to 2.5 cents per mile (Tr. 542). Hearings thereon have already been concluded (Tr. 394). Similar increases have already been granted carriers in the Eastern and Southeastern Conferences, and when also it is recalled that up to December 1, 1933, the basic rate on this carrier was 3.6 cents per mile, there is every reason to believe that this application will be granted (Tr. 552–554). The president of the company estimates that this will yield increased revenues of $300,000 per year (Tr. 605). This potential income added to the $208,000 would indicate increased income of $508,000 per year.

Other carriers in this area initiated movements to increase commutation fares 25 and 30 percent (Tr. 540–541), and have since started court proceedings to enjoin the Illinois Commerce Commission from preventing them from increasing their rates 20 percent. This company feels that the question should "be rather rapidly decided in the court here" (Tr. 541), and will probably bring a similar proceeding and if such succeeds this ought to increase the company's income an additional $57,600 making a total increase of $565,600.

During the war years when earnings were high it was difficult for the company to obtain authorization to raise fares. But within the last year, upon showing need, the company has obtained action upon requests within a few months, and the action has been generally favorable. It is also to be noted that it has not always asked for as large increases as its competitors (Tr. 392–394, 542, 550–555).

(*b*) It was to be expected that losses might be incurred during the period of adjustment from the peak of wartime operation. Company's exhibit 11 showed a net deficit of $106,483.71 for the first 11 months of 1947. December again showed a profit (Tr. 524). January 1948 was not given.

Net deficits appeared for January, February, and March of 1947 but the next months of April, May, June, July, and August showed a total profit of $59,599.17. September and October showed losses and November and December again brought profits (Ex. C–11; Tr. 524).

Although the net deficit for the 11 months of 1947 (the exhibit did not give December figures) amounted to $106,483.71, the loss incurred during the first 3 months was $141,632.25 and the next 8 months showed a net profit of $35,148.54. This is a zigzag picture, but it indicates that with the passage of time the company might well be able to get its costs under control.

(*c*) There is found in the area through which the North Shore runs raw materials, labor, nearby markets, dependable electric power, and efficient transportation. This region is a major industrial area of the United States, and one marked with great growth possibilities. The essentials to successful manufacturing are in the area traversed by this carrier, and it is reasonable to suppose that as the community develops, the revenues of the road will increase.

In reviewing the foregoing, the record shows that there is in sight additional revenue due to passenger fare and freight increases. The road is reducing overtime, and otherwise cutting monthly and annual losses materially, so that in seven out of nine recent months it has been running in the black. The improvement of physical properties and equipment should tend to cut down expenditures for maintenance, increase efficiency of operation, and build up greater traffic. The character of the communities through which it travels indicates great future possibilities. It is not serving a decadent area.

3. *Other reserves available for wage payments.*—In October 1946 the Chicago North Shore & Milwaukee Railroad Co., then operated by trustees, passed to the Chicago, North Shore & Milwaukee Railway Co. and Mr. Bernard J. Fallon became president of the new company, and is now president. Mr. Fallon has been with the North Shore in different capacities since 1916, and is entitled to great credit in keeping the road in operation through its crises in the past. Another important individual in the past history and the present operation of the road is Mr. J. H. M. Clinch, now vice president "in charge of all financial matters, including accounting" (Tr. 360). In the reorganization in 1946, the bondholders were persuaded to accept only $3,500,000 in cash, and stock in the new (present) company, "solely for the reason that they were convinced that if their stock, which they had received in the reorganization, was to have any value, then, sufficient money must be left with the railroad to do the necessary rehabilitation

to keep it operating." The sum so left with the new company was $2,400,000 (Tr. 507). Counsel for the employees interrogated Mr. Clinch on this fund as follows:

Q. Well, isn't this $2,400,000, or whatever is left of it now, for present and future rehabilitation?

A. That is right. But we have not set up, as a contingent liability, or a liability on the assets side, that work to be done. In other words, the cash is there for it but we haven't made any provision for liability for it. (Tr. 508).

In explaining this $2,400,000 item in deferred assets, Mr. Clinch says:

In order to try to build up a sufficient amount of funds, so that the necessary maintenance and rehabilitation work could be done, a special so-called renewal and replacement account was set up, and in that account we deposited monthly amounts for the purpose of, as I said, establishing a fund so that we would have some cash available for rehabilitation of equipment, building of essential substations, relaying of track, reballasting, and all that type of thing; and we have charged, taken out of that fund, the work that has been done, and we will take out of that fund, until we have absorbed that fund, the work that we still have to do. (Tr. 502-503).

What amounts have been added to this monthly fund since October 1946, was not developed in the record.

Carrier's exhibit C–10 shows the company's total nonoperating income for the eleven months ending November 20, 1947, was $198,398.92.

During the first 11 months of 1947, the company spent $927,206 for "way and structures," and for "equipment," $779,344 or a total cash expenditure of $1,706,550 (Tr. 615). There was also a reserve for retirement of $422,195 set up during the eleven months ending November 30, 1947, carried in "ways and structure," "equipment," and "power" (Tr. 617).

The company's heavy expenditures listed above, so much in excess of the retirement reserve, poses the questions: (1) "Whether this rate of expenses, if necessary, does not indicate that the company will remain in a general financial condition precluding the present or future payment of any substantial wage increase for its employees?" and (2) "Whether the employees will continue to work if no wage increases are given?"

While Mr. Fallon says the company cannot pay additional wages from present fares plus the increase in fares he has applied for, and is pessimistically critical of the suggested program advanced by the Lewis board, dealing with other employees of the company, to get sufficient operating income (cf. Emergency Board Report to the President dated January 28, 1948), this Board believes that the plan recommended therein is feasible, and an effort made by the carrier, assisted by the local authorities in the towns and cities on its lines, and by the employees themselves, can secure the increased fares needed to pay higher wages, because operating the road is necessary in the public interest; and in the meantime the company, from the cash it has power to allot under its accounting system, should be able to find funds to meet a proper wage increase. This we find possible.

For the reasons stated in the foregoing discussion and on careful consideration of all the evidence and exhibits in the record and of the arguments of counsel we find that the carrier can, and we accordingly recommend that it should, pay the employees an additional 15½ cents per hour effective September 1, 1947.

CHANGES IN RULES AND WORKING CONDITIONS

The employees in their letter of April 8, 1947 (Ex. C–16), included a number of demands for changes in rules in addition to the demand for the 20-cent wage increase. The demands which are still in dispute are specifically quoted earlier in the report. The existing rules and the proposed changes are placed in juxtaposition in exhibit E–2. One proposed addition to the existing rules concerns sick leave and the other the laundering of work clothes. The testimony in support of the rules was developed by W. H. Homer (Tr. 141–263), and approximately 18 exhibits were introduced to buttress his testimony. The carrier introduced testimony in opposition to all of the proposals (Tr. 300–308, 317–360, 396–400, 481–488, 496–497). Exhibits C–4, C–5 and C–6 were submitted to challenge specifically the proposed change regarding additional vacation with pay.

The Board has given careful study to the proposals and to the information in the testimony and in the exhibits *pro* and *contra*, in arriving at its recommendations which follow. Reasons therefor are stated when deemed necessary.

The proposals are dealt with in the numerical order of listing in the letter of demand of April 8, 1947.

1. *Sick leave.*—Employees propose a new rule worded as follows:

> Provide for paid Sick Leave for all employees covered by the agreement after one (1) year of service as follows: One (1) normal workday's pay for each month of service or fraction thereof accumulative to a maximum of thirty (30) days.

Although Federal legislation covers the contingency of illness to some extent, particularly the longer periods, it is the feeling of the Board that there is an area of short spells of sickness for which separate provision should be made. It accordingly recommends that this proposed rule be accepted by the carrier but that it be so phrased that the first two days of the period be excluded in computing pay.

able to man cars whenever the regular operator is sick or otherwise fails to appear (Tr. 190, 192).

It must be understood that these extra men are regular employees (Tr. 189). Generally it is the men at the lower end of the seniority roster who get the extra runs, although some of the older men preferred an extra run mainly because of the desire to make extra money out of the larger number of hours they could put in on extra runs (Tr. 189, 483–486).

The grievance of the men arises mainly out of the fact that their work is not continuous but is in separated shifts and that at present unless the interval between the time of relief of one assignment and the time of reporting for the next assignment is under 1 hour, such split shifts will not be considered as continuous; and even though the total accumulation of time worked might exceed 9 hours there would be no overtime involved and all such time would be paid on a straight time basis. To illustrate, an operator might be on duty from 6 a. m. to 10 a. m.; from 11:30 a. m. to 2:30 p. m., and from 4 p. m. until 9 p. m. The time between these shifts is such that for all practical purposes he must be continuously available for a 15-hour stretch, yet be paid for only 12 hours of work, and that at straight time. Further, he must be on duty 7 days a week (Tr. 195). In this connection it should be pointed out that the company and the men have an agreement through the operation of which the number of extra men is limited so that there is plenty of work for all.

The company objects to meeting the demands of the men, saying in effect that if the extra man's runs are added together so as to produce overtime when the operator has put in a total of 9 hours, and then if the joint management labor committee in charge of the city board (roster of extra men) puts on so many men that there is no overtime, it may happen that the company may find it difficult to meet the 80-hour bimonthly guaranty. The company states that it has been able in the past to adjust the number of men on the extra board fairly and harmoniously with the men, but the time may come when labor's members on the board would prove unreasonable, and the company doesn't want to be in that position (Tr. 344). In short the company expressed a willingness to grant the 1 day off in 7 and to allow the time worked on separate shifts to accumulate, but only if relieved of the 80-hour guaranty. It feels if so relieved it could put on a sufficient number of men to prevent the accrual of overtime.

This Board notes that the company pays its men twice a month, and hence a pay period comprises 2 weeks and 1 day normally (in February of non-leap years it would constitute 2 weeks; in three or four other pay periods each year it would constitute 2 weeks and 2 days.) With a 9-hour day and a 6-day week, the men could work 54 hours per week. With a 2 weeks and 1 day pay period a man could work 117 hours before accruing overtime, making him available for 37 hours above the 80-hour requested guaranty, a leeway of 46¼ percent.

These extra men are regular employees, the company pays others for overtime (Tr. 192), other firms give guaranties of this type (Ex. E–40). At one time all operators of this company worked 7 days per week and it surmounted a change to a 6-day week (Tr. 482, 496), and should be able to do so in this case.

The company estimated that the guaranty of 80 hours under the conditions represented would cost as much as $746 per year (Tr. 532). The Board feels this estimate to be on the safe side (Tr. 258). The company has the possibility of controlling the amount of time each man serves. North Shore men have proved reasonable in the past. Even if some extra expense is involved the recommendation should be the same. The Board recommends that this request be granted.

Respectfully submitted.

HARRY H. SCHWARTZ, *Chairman.*
RUSSELL WOLFE, *Member.*
ROBERT E. STONE, *Member.*

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