Report

TO

THE PRESIDENT

BY THE

EMERGENCY BOARD

APPOINTED BY EXECUTIVE ORDER 10693 DATED DECEMBER 22, 1956, PURSUANT TO SECTION 10 OF THE RAILWAY LABOR ACT, AS AMENDED

To investigate and report on a dispute between the Akron & Barberton Belt Railroad Company and other carriers represented by the Eastern, Western and Southeastern Carriers' Conference Committees and certain of their employees represented by the Brotherhood of Railroad Trainmen.

WASHINGTON, D. C.
MARCH 15, 1957

(No. 116)

WASHINGTON, D. C., *March 15, 1957.*

THE PRESIDENT,
THE WHITE HOUSE, *Washington, D. C.*

MR. PRESIDENT: The Emergency Board appointed by you December 22, 1956, in accordance with the provisions of the Railway Labor Act, has the honor to submit its report herewith.

We think it is worthy of note that ours is the first report of a Presidential Emergency Board to recommend recognition of paid holidays (seven in number) for railroad employees in the operating crafts. This we have recommended and approved as part of a 3-year pattern settlement which includes (*a*) a general wage increase effective November 1, 1956, (*b*) further general increases effective November 1, 1957, and November 1, 1958, (*c*) semiannual cost-of-living increases; and also (*d*) a mutual bilateral 3-year moratorium on demands for wage increases or decreases, coupled by employers' withdrawal of three substantial demands for revision of rules.

This Board has urged the parties to give heed to your recent appeal that labor and industry cooperate in putting a halt to the inflationary wage-price spiral, and has pointed out that such can be done by bringing this dispute to an early and friendly termination on the basis we have recommended, which assures substantial advantages to both sides.

We venture to hope that the parties will not view our recommendations in terms of victory or defeat, but rather as a basic approach to a just result.

Respectfully submitted.

NATHAN CAYTON, *Chairman.*
FRANCIS J. ROBERTSON, *Member.*
A. LANGLEY COFFEY, *Member.*

INDEX

Report to the President by Emergency Board No. 116, created by Executive Order No. 10693 under date of December 22, 1956, pursuant to section 10 of the Railway Labor Act, as amended, to investigate and report on a dispute between the Akron & Barberton Belt Railroad Company and other carriers represented by the Eastern, Western and Southeastern Carriers' Conference Committees and certain of their employees represented by the Brotherhood of Railroad Trainmen.

INTRODUCTION

The parties to this dispute are all the approximately 175 class I line-haul railroads in the Nation (hereinafter called Carriers) and those of their employees represented by the Brotherhood of Railroad Trainmen (all later references being to the Organization).

The nearly 160,000 employees represented are in the main identified by craft as road brakemen, and yard conductors and brakemen. Except for dining-car stewards, a small segment of the whole, the employees before the Board are known as operating employees. Yardmasters also are included.

These employees work in different classes of railroad service, same being divided into two large general classes, road and yard.

All train service performed on, over and along the line of road, for example freight and passenger, is classified in general terms as road service. Short turnaround passenger service is a type of road service.

Work confined within assigned switching limits is generally considered as yard service.

Wage and rules schedules (as these working agreements are known to the industry) that govern and apply to yard service bear little or no resemblance to or direct relationship with those that apply to road service, thereby giving rise to a difference in working conditions (but not necessarily work procedures), rates of pay, arbitraries, special allowances, guarantees, and the like.

On account of a difference in job content, there is a corresponding difference in workload, skill, and responsibility as between jobs according to craft and class.

All before us do not possess the same qualifications, nor do they all assume the same hazards, nor do they all utilize the same skills, nor assume the same responsibilities. Depending upon requirements of the service in which the crafts are engaged, some members thereof must perform more arduous and dangerous tasks than others. In road service the hours on duty are sometimes long, but some workers with long hours, notably dining-car stewards and employees in short turnaround passenger service, are spared the need to be in productive effort for all or a goodly portion of their time.

The issues raised by the notices served by the parties in February 1956, pursuant to section 6 of the Railway Labor Act, excluding one of the Carrier's proposals which has been withdrawn, may be stated as follows:

1. The general wage increase issue created by the demand of the organization for an increase of $3 per day in all basic daily wage rates of all the employees that it represents, with appropriate adjustments in differentials, special allowances, guarantees and the like.

2. Special issues created by the organization's demands for:

(*a*) A further increase of $2.50 per day in all basic daily wage rates of the employees that it represents who are used in short turnaround passenger service, with existing differentials above standard rates to be maintained.

(*b*) A reduction in the number of hours comprehended by the basic monthly wage rates of dining-car stewards from 205 hours to 175 hours, with all time worked in excess of 190 hours to be paid for at one and one-half times the applicable rate.

(*c*) Recognition of seven specified paid holidays, with additional pay at the rate of time and one-half for work actually performed on those holidays.

4. The rules issues raised by the carriers' proposals relate to:

(*a*) Revision of the overtime rule in short turnaround passenger service;

(*b*) Revision of the dual basis of pay in passenger and through freight service; and

(*c*) Revision of the crew consist rules in road and yard service.

After many conferences the parties failed to resolve the issues in dispute. Finally, the dispute resolved itself into a controversy over the Carriers' offer of a pattern settlement which the Organization has refused. The proposed pattern settlement comprised the following essential terms:

1. An across-the-board wage increase, or equivalent benefits, of 12.5 cents per hour, effective November 1, 1956;

2. A further general wage increase, or equivalent benefits, of 7 cents per hour, effective November 1, 1957;

3. A third general wage increase, or equivalent benefits, of 7 cents per hour, effective November 1, 1958, making a total package of 26.5 cents in general wage increases, or equivalent benefits, effective over a 3-year period beginning November 1, 1956;

4. Further cost-of-living wage adjustments to be made commencing May 1, 1957, and each 6 months thereafter, on the basis of changes in the Consumer Price Index of the Bureau of Labor Statistics—the adjustments to be 1 cent per hour for each change of one-half point in that index;

5. A moratorium barring further changes in all rules and schedules governing the rates of pay and compensation (including rules governing vacations and health and welfare benefits) for what remains of a 3-year period ending November 1, 1959.

On failure of the parties to agree, the services of the National Mediation Board were invoked and for 2 months starting October 3, 1956, and ending December 10, 1956, conferences were held. At the conclusion of these conferences, arbritration was proffered and rejected.

Thereupon the Mediation Board withdrew its services and informed the President that the unresolved disputes threatened substantially to interrupt commerce to such a degree as to deprive the country of essential transportation service. The President, by Executive Order 10693, created this Emergency Board and directed it to investigate promptly the facts as to such dispute, and on the basis of the facts developed, to make every effort to adjust the dispute and report thereon to the President within the time stated in said executive order. Time limits have been extended by agreement of the parties by and with approval of the President to and including March 18, 1957.

Before the Board convened the Mediation Board again sought to compose the differences between the parties and devoted another week thereto starting January 14, 1957.

On January 22, the Board met in Chicago at the appointed time and place, organized, and started hearings that consumed 22 days. The transcript of the proceedings is reported in volumes 1 to 22, inclusive, consisting of 3,447 pages. In addition the record consists of a prehearing brief on the part of the Carriers; numerous exhibits for both sides; and post hearing briefs.

Following the close of testimony on February 15 and before oral argument on February 23, the Board exhausted all possible effort to accomplish a settlement, but without success.

THE WAGE INCREASE ISSUE

Position of the Organization

In substance the Organization contends:

Inequities have developed between the employees it represents and other employees. An increase of $3 per day is required to eliminate such inequities and restore these employees to their relative standing with employees in other industries. The work of the railroad operating employee is the most hazardous in the industrial sphere. The improvement of the standards of the workingman is essential to the maintenance of a healthy economy, and the wage increases requested for these employees are not even adequate to afford them the equitable participation to which they are entitled in the general improvement in real wages throughout the country.

Position of the Carriers

In substance the Carriers contend:

These employees now enjoy greater earnings than others in the railroad industry and are not now entitled to any wage increase. Job content is such that little skill, effort, and responsibility are required of these employees in the discharge of their duties. Aside from the

423250—57——2

considerations involved in the "pattern" settlement, there is no justification for any wage increase.

Comment

In support of its contention that the employees before this Board have lost ground in maintaining their relative standing with other industrial workers insofar as wages are concerned, the Organization has offered statistics comparing average straight-time hourly earnings and average full-time weekly earnings of yard and road train service employees with those of employees in other industries for the period of June 1946 through December 1955. On their face, such statistics indicate that there has been a relative decline in the position of these employees as compared with others in outside industry. The Carriers challenge the validity of June 1946 as a base for comparison, asserting that in the railroad industry a substantial wage increase was made effective immediately prior to June 1946, before 1946 increases were reflected in the earnings of employees in outside industry.

The Brotherhood of Railroad Trainmen was presumably aware of the relative wage standing of its members in October of 1955 when it settled its 1955 wage dispute and the figures cited indicate the same relative standing at that time. There is, therefore, some ground for Carriers argument that as of October 1955 these employees were at least generally satisfied with their relative standing. According to the figures submitted by the employees, the medium increase in the year 1956 in outside industry was 11.5 cents per hour. It may reasonably be expected that a wage increase in that amount would not likely create any loss of relative standing since 1955.

Of greater significance than a comparison with outside industry is a comparison of wage rate progress intraindustry. The history of wage movements in the railroad industry during the postdepression years reveals a tendency toward "across-the-board" cents-per-hour increases with all classes of employees generally receiving identical increases. We do not say that there has been particular uniformity in the amounts of increases granted; but there has been a "catching up" at some later date when one group of employees has received increases in basic wages in excess of those granted another. This group was on a par with respect to basic hourly wages prior to the November 1, 1956, increases accepted by the Brotherhood of Locomotive Firemen and Enginemen and the nonoperating employees. A principal witness for the Organization admitted that he had no opinion as to whether or not this group was entitled to favored treatment over the nonoperating group.

The Carriers' wage proposal allows for a substantial increase in basic rates of pay and, with inclusion of the escalator clause, assures continuing protection of the employees' real wage position.

The evidence is convincing that if Carriers were required to put the full demanded wage increase into immediate effect, the added cost would not be absorbed in time to prevent financial chaos in the railroad industry. Job security would thereby be threatened; for employees must look to a sound wage structure not only for a fair wage but also for a full measure of continuing employment.

Though the railroad industry is in a position of competitive disadvantage, as has many times been stated to various boards and agencies, it is still true that workers in this industry are among the highest paid workers in the American economy. Compared with the earnings of other railroad workers those before us are in a highly favorable position.

THE SHORT TURNAROUND ISSUE

Position of the Organization

In substance the Organization contends:

Employees in short turnaround service never receive premium pay no matter how many hours they work in a given day. After adoption of the present method of computing pay for this group of employees, changes in equipment, facilities, methods of operation, and in recent years the closing of many ticket offices by reason of the 5-day week for nonoperating employees, have rendered their work more arduous. Their productivity has increased with increased traffic.

Position of the Carriers

In substance the Carriers contend:

Employees engaged in short turnaround service are not entitled to favored treatment. They now enjoy most favorable pay rules in the form of monthly and daily guarantees, their working conditions are excellent and their work less arduous than that of other train service employees. With decreased traffic their productivity has fallen off. Commutation service is an unprofitable enterprise for the railroads.

Comment

The proposal for an additional increase of $2.50 per day in all basic daily wage rates of employees engaged in short turnaround passenger service, with existing differentials above daily standard rates to be maintained, appears to be in the nature of a proposed wage increase to compensate for alleged gross inequities.

The proposal embraces all short turnaround passenger service and more than just the commuter or suburban service that operates in the larger and more congested urban areas, to which all the testimony on this subject related.

The proposed increase, if recommended, would attach to and become a part of the basic daily wage rate, instead of being in the nature of an

arbitrary as is the $2.50 per day allowance on which the proposal before us obviously is predicated, and that in turn grows out of a settlement of a dispute between a major railroad and its conductors in commuter or suburban service who are represented by a rival organization. Only one other such settlement has been brought to our attention and that involves a very few conductors on a short-line railroad.

We are not impressed that these two isolated settlements to meet local conditions represent a general movement or one of any great consequence. Neither do we see that the rival organization has made material gains by taking an arbitrary of $2.50 per day in lieu of all other arbitraries and additional payments previously enjoyed by the same employees.

There is some evidence that the shortened workweek of the non-operating employees and a shifting of population to suburban living, plus some reduction in the number of men being used in the service, has brought about an increase, to some uncertain degree, in the work load that tends to make the job more arduous on certain runs during early morning and late afternoon hours.

Also to be considered is the claimed disadvantage of working a split trick or shift involving long hours between starting and quitting time of assignments. The employees have some free time in between, but this does not compensate, in their opinion, for the long hours between the time they go on duty and the time of final release. The evidence leads us to believe that this was the subject matter of a bargain that resulted in a rule which (with favorable modifications) continues as a basis for computing overtime and to pay for their long hours. Generally, yard and other road men earn more over a given spread of hours than the trainmen engaged in short turnaround service. However, the latter enjoy monthly and daily guarantees which through-freight trainmen do not enjoy. Short turnaround men are also at home every day, which is not a normal incident of through freight and passenger service and which results in a saving of away from home expenses. They also have other known advantages over yard-service employees, such as guarantees, less arduous duties, etc.

Highly convincing is the Carriers' uncontradicted showing that by far the greater percentage of short turnaround assignments are held by men whose seniority would entitle them to select and hold other road or yard jobs. In that connection, one of the Organization witnesses testified that with his seniority he could never hold a short turnaround job regularly but works one at every opportunity. Further, it was shown that many have waived promotion to conductor to retain their eligibility for short turnaround service as ticket collectors or brakemen.

THE HOLIDAY PAY ISSUE

Position of the Organization

In substance the Organization contends:

Recognition of paid holidays for the industrial wage earner has become practically universal since 1936 and the trend has been for an increasing number of holidays to be recognized, so that in 1956 a majority of employees recognized seven or more paid holidays. The nonoperating employees on railroads have been receiving paid holidays since 1954. Paid holidays have become also a working condition in continuous process industries and the percentage of railroad employees, both operating and nonoperating who are required to work on holidays, is no greater than those who are required to work on holidays in continuous process industries. Many nonoperating employees are required to work on holidays. The employees with whom the group before this Board come into constant contact receive paid holidays. In the transit industry paid holidays were generally initiated for nonoperating employees and gradually were extended to cover operating employees. The fact that prior Emergency Boards have rejected suggestions for a holiday rule for operating employees should not deter this Board from recommending favorably on the employees' proposal. The cost of paid holidays should not be deducted from any wage increase to which the employees are otherwise entitled.

Position of the Carriers

In substance the Carriers contend:

Holiday work for operating employees is unavoidable and carriers should not be penalized by establishment of punitive rates of pay. The proposed holiday rule would produce indefensible and inequitable results because of other rules governing the compensation of operating employees and peculiar to their type of work, which rules are not found in agreements affecting employees in outside industry or in agreements affecting nonoperating employees. The rule proposed is unworkable for men on pool and extra lists since it would be impossible to determine what constituted a "workday" for them. Yardmasters' and stewards' monthly pay now contemplates service on holidays and their compensation is not affected by the occurrence of holidays. Practice in other industries does not support the employees' proposal because of lack of comparability with respect to necessity of continuous operation. Granting seven paid holidays to these employees in addition to the proposed 26.5-cent increase which is embodied in the Carriers' "pattern" proposal would be equivalent to an additional increase of 10.7 cents per hour for hours actually worked by employees engaged in road service and 9.2 cents per hours for hours actually worked by employees in yard service.

Comment

The Organization has shown that a high percentage of employees in outside industry receive paid holidays whether engaged in so-called "continuous" operation or not. But it has not shown working rules or conditions truly comparable to those applying to road or yard service. Nor has it presented any rule outlining a plan to effectuate the paid holiday proposal. It has been suggested that this Board recommend the principle embodied in the Organization's proposal and leave the explicit terms of the rule open for negotiation. The difficulty is that such a recommendation would most likely lead to more contentions than it would resolve. Because an extra employee in fact has no regular workday, it is not possible to say that a holiday falls on a "workday." With respect to employees engaged in road service, the rules peculiarly tailored to that service, (the dual basis of pay, run-around, held-away-from-home terminal, etc.), place the majority of such employees in a much more favorable position, earningswise, than the yard-service employees. These rules also render the application of a paid holiday rule most difficult, and its adoption for road service employees would widen the inequities which employees have frequently argued exist between the two classes of service. All these considerations, we think, lead to the conclusion that the Organization has not justified paid holidays for men in road or extra yard service.

Regularly assigned yard service is more comparable to service in other continuously operating industries. But the yard forces cannot be skeletonized on holidays to the same extent as the forces of employees engaged in continuous process in outside industry. Hence, the cost impact for paid holidays for such employees would be greater than in outside industry.

The figures produced before this Board indicate that 75 to 80 percent of yard forces have been required to work on holidays. Whether or not that percentage can be reduced is something which cannot be determined until a cost incentive is supplied, and the results tested in actual experience.

A seemingly workable holiday rule for yardmen was drafted in negotiations, as appears in a Carriers' exhibit, which is made an Appendix hereto.

DINING-CAR STEWARDS' BASIC MONTH ISSUE

Position of the Organization

In substance the Organization contends:

The stewards are among the last of the small number of groups of employees in the industry who have not been granted a 40-hour work-week or its equivalent. Previous experience with shortened working

hours of stewards indicates that the scheduling of stewards is adaptable to shorter hours in the work month.

Position of the Carriers

In substance the Carriers contend:

There has been an historical disparity between the hours worked by dining-car employees and nonoperating employees. A reduction in stewards' hours would disrupt traditional relationships between them and dining-car cooks, waiters, train attendants and pullman employees, the only classes of railroad employees with whom stewards may be directly compared. The assignments of stewards are geared to train schedules, and rearranging their work schedules to a 175 hour basis would be impractical. Hence, the adoption of the proposal would result in nothing more than granting an unjustifiable wage increase.

Comment

The Organization and the Carriers appear to be in agreement that the work performed by the steward is not susceptible of scheduling to a standard 8-hour day, 5-day workweek. Historically the "on-duty" hours of stewards, dining-car employees and pullman employees have always been longer than those of other railroad workers. Dining-car cooks and waiters are presently on a 205-hour work month, and as a result of their having accepted a "pattern" increase and being covered by a moratorium, will continue on such a schedule at least until November 1, 1959.

Stewards have advantages not enjoyed by other nonoperating employees. They receive free meals and the time spent in eating is counted as part of the time on duty. They enjoy respites from constant attention to duty between meal hours. They have longer continuous hours and days of leisure, which to a great extent compensates for not being at home every day as are most classes of nonoperating employees.

In view of the considerations expressed above, we are not disposed to recommend a reduction in hours for the stewards. However, because of the peculiar responsibilities of their positions in supervising and accounting for employers' funds, and their concededly commendable aptitude in meeting and dealing with the traveling public, they seem to be entitled to some additional recognition, wagewise, than the other classes of employees before this Board.

THE PATTERN SETTLEMENT PROPOSAL

We think all will agree that a makeshift disposition of the issues in dispute should be avoided. We think we should seek broad and firm ground for disposing of the matter in such a way as to achieve

a result which is not only fair and just in all its aspects but which would also provide some assurances of continuing stability in the relations between management and labor.

We think such should be our approach in any situation. We are led even more strongly toward such an approach by the fact that the Carriers have presented a counterproposal which on its face, at least, gives promise of the continuing stability we have mentioned.

We have therefore regarded it as our duty to consider such proposal not only for such intrinsic merit as it may hold standing alone, but also to judge its worth and soundness when measured against the proposals of the Organization. Accordingly, we turn to what the Carriers have denominated a plan or "pattern for the settlement of all pending disputes with all organizations."

As we have already said, the pattern settlement first offered was for a general wage increase of 12.5 cents per hour, effective November 1, 1956; a second increase of 7 cents per hour, effective November 1, 1957; a third increase of 7 cents per hour effective November 1, 1958; cost of living adjustments every 6 months, of 1 cent per hour based on each change of one-half point in the Consumer Index Price; and a 3-year moratorium on further wage increases, rules changes, and other benefits.

At one of the hearing sessions of this Board it was brought out during cross-examination of a Carrier witness that consideration had been given to including paid holidays "as equivalent benefits" for yardmen, but not for roadmen.

It is accurate to say, however, that the Carriers have not officially on the record retreated from their earlier position that all paid holidays should be disallowed and should not be included in their proposed pattern settlement.

This Board has studied the question of paid holidays at great length, as appears from our discussion of the subject earlier in this report. It seems to be clear that paid holidays would not in any event be agreed to by the Carriers except as a part of a general settlement plan of the nature they have proposed, or at least as part of an arrangement under which the cost of holiday pay would be taken into account in determining the amount of any general wage increase. Nor could we with any real confidence approve or recommend paid holidays, on the basis of the evidence before us, as a separate and independent present right of the workers here represented.

But in the larger aspects of the picture, in the broad and inclusive pattern settlement offered by the Carriers, the opportunity is presented to achieve the paid holiday objective. Moreover, it can by that method be achieved with little or no cause for friction or puzzling aftermaths,

and with clear foreknowledge and understanding of the essentials of the situation and of administrative details as well.

Organization's Criticism of the Pattern Proposal

The Organization's opposition to the pattern proposal is predicated largely upon argument that, due to the alleged accumulation of inequities in the terms and conditions of employment of the employees represented by the Organization, any settlement is unacceptable to it on terms that do not extend to these employees more money than that offered; holiday benefits; the equivalent of the shortened workweek for dining-car stewards; and that does not give recognition to what is contended for as being long hours and increased burdens of employees in short turnaround passenger service.

It is argued that the proposal is not properly before the Board because a moratorium was not demanded by a section 6 notice. But in the closing argument for the Organization it was conceded that failure to give such notice does not legally preclude this Board from recommending a pattern settlement, including a moratorium, if such is thought to be a proper solution of the dispute. It is clear that in the proposal for a moratorium there has been no element of surprise, and that even under a most technical approach there would be no reason to refuse consideration of the proposal.

There was testimony for the Organization that pattern settlements have not been considered "dominating or controlling." The Organization offered no other testimony challenging the fairness or soundness of pattern settlements. Another criticism thereof came from counsel, in the form of statements to the general effect that "pattern considerations are important, but they are not controlling" and have not been followed in the railroad industry.

Contentions in Support of the Pattern Settlement

For the Carriers there was full, detailed, and documented evidence in support of the pattern proposal. It was established that a contract embracing a similar pattern is already in effect for some 800,000 workers, or 80 percent of the industry. It was also testified that it is in the best interest of the public and all segments of the railroad industry; that the effect of pattern settlements is to create a uniform and nondiscriminatory status for railroad workers generally; that it is the only means of correcting the present unsatisfactory labor situation; that piecemeal tinkering with wage demands or working conditions "usually does more harm than good"; that changes in one rate or payroll in the highly interdependent wage structure may generate more trouble and dissatisfaction than it cures. In testimony for the Carriers there was also a recital of past cycles of wage demands, some of

them overlapping, and the confusing, unsatisfactory, and "intolerable" results which flowed therefrom.

The origin of the present settlement pattern proposal was explained as follows:

> When the Regional Carriers' Conference Committees first met in Chicago last summer to discuss the 1956 demands of the organizations representing railroad employees, the members of the committees were in susbtantial agreement that normal labor relations could be reestablished in the railroad industry only by a settlement plan or settlement patern which would combine uniform and nondiscriminatory across-the-board treatment of all classes and crafts of railroad employees with a moratorium barring further demands for wage increases and rules changes for a cooling-off period of a minimum of 3 years' duration. It was also apparent, of course, that if demands for wage increases were to be barred for a term of 3 years, adeqnate wage protection against increases in the cost of living should be provided through some form of escalation provision.

It was said that these views were the result of 20 years' experience and it was stressed that a departure from the pattern method of settlement already established in the railroad industry would not be a settlement at all, but would inevitably have the effect of destroying all previous settlements and would prolong and complicate the disputes involved before this Board. We were asked to consider that the combined judgments of the officers and members of the railway employees' organizations which had already made pattern settlements on a national basis, furnished compelling evidence of the fairness of such agreements, particularly in view of the rivalry existing among the organizations.

We were also cited to testimony given before a committee of the United States Senate in 1951 by the President of the Brotherhood of Railroad Trainmen to the effect that "there is nothing that upsets the railroad man more than to find that somebody gets more money for doing the same character of work that he is doing."

It was also testified that earlier Emergency Boards have recognized the dominating influence of the pattern settlement principle. It is fair to note that this testimony, and more like it, was not challenged by any answering evidence on the part of Organization witnesses.

This Board had no preconceived notions about the advisability of pattern settlements. The Board was fully aware that the proceedings were begun by the Organization and that it was our primary duty to hear and consider the Organization demands. The Board was also aware that what the Carriers were presenting was a counterproposal, and as such ought not be looked on with favor unless it was shown to be "better" than the original proposal; that is to say, better as a matter of right and fairness and justice not only to management and labor, but would be in the public interest as well.

The evidence has convinced us that in all the circumstances the Carriers' pattern settlement plan is truly better when weighed against the proposals or demands of the Organization.

Some of our reasons are to be found in our discussion of certain Organization proposals found earlier in this report: The difficulty of putting some of them into workable operation, failure of justification of others, and the unharmonious results which might be expected to flow therefrom.

Among other reasons for our decision to approve and recommend adoption of the settlement pattern plan are the following:

1. It is right and sound and fair that the remaining 20 percent of railroad employees be given the same package protection (and asked to forego similar demands) as their fellow workers in the 80 percent who have already agreed to a 3-year settlement.

2. The pattern plan offers the best hope of preventing discriminatory treatment among the various crafts.

3. No specific challenge of the propriety and fairness of the pattern settlement has come from any leader of the Organization or from any of the highly knowledgeable and experienced witnesses who gave testimony before this Board.

4. Earlier pattern plans have proven their worth as stabilizing influences.

5. A moratorium when coupled with guaranteed cost-of-living increases is wholly sound and practical, and works no injustice on the employees. Indeed it further binds the Carriers to abandon their demands for revision of the overtime rule in short turnaround passenger service, revision of dual basis of pay rule, and revision of the crew consist rule. These demands were supported by substantial evidence and could not have been summarily rejected.

6. This is an excellent opportunity to give heed to the recent appeal made by the President of the United States that labor and industry cooperate in putting a halt to the inflationary wage-price spiral. Moreover, such can be done rather painlessly in this situation, for here labor has an opportunity to make substantial gains—assured over a 3-year period—and still be contributing to economic stability. At the same time, management has the challenge of meeting the increased wage bill by vigilant and continuing operational efficiencies.

The Board feels that these are strong and compelling reasons for bringing this dispute to an early and friendly conclusion.

The reasons for settling on a pattern basis grow even more persuasive when the paid holiday feature is added to labor's gain. In the pattern as originally proposed paid holidays were not included. In the version described by a Carrier witness, paid holidays were not to

commence until January 1, 1958. In the version for which we recommend approval, there would be an earlier effective date, and we think this should make the pattern proposal still more attractive and acceptable.

RECOMMENDATIONS

The Board recommends that the parties enter into an agreement first effective November 1, 1956, and to continue in effect through October 31, 1959, that embodies the following principles:

Wage Increases

The equivalent of an increase of 26½ cents per hour is to be made in all basic daily wage rates, with appropriate adjustments in differentials, miscellaneous rates, special allowances, guarantees, and the like for all employees who are under the agreement.

The recommended increase shall be made in the manner and on the effective dates hereinafter set forth:

Effective November 1, 1956, 12½ cents.
Effective November 1, 1957, 7 cents.
Effective November 1, 1958, 7 cents.

Cost-of-living wage adjustments to be made commencing May 1, 1957, and each 6 months thereafter, on the basis of changes in the Consumer Price Index of the Bureau of Labor Statistics—the adjustments to be 1 cent per hour for each change of one-half point in that index.

Paid Holidays

As an equivalent benefit, the Board recommends seven paid holidays for yardmen in accordance with proposed rule attached hereto as Appendix A with the wage increase effective November 1, 1957, to be 5 cents (instead of 7 cents) and the wage increase effective November 1, 1958, to be 5 cents (instead of 7 cents).

(Carriers have estimated that granting paid holidays to yardmen under the organization proposal would result in an added cost of 7.1 cents per hour worked. Under the rule as recommended premium pay would not be required for work on holidays and othed features of the rule would substantially decrease the estimated cost. Deducting 2 cents per hour each from the second- and third-year increases impresses us as an appropriate figure to keep the carriers within a 26½ cent per hour cost impact over the 3-year period and to leave the individual receiving the paid holidays in a better position insofar as annual earnings are concerned than if he were to receive a bare 2- or 4-cent-per-hour wage increase.)

MORATORIUM

The said agreement to contain an appropriate clause providing in substance that for its duration neither party shall serve any notice nor progress any pending notice to—

(1) Increase or decrease rates of pay as established in accordance with the foregoing recommendation with respect to wages.

(2) Increase or decrease the rate of compensation provided in existing agreements or understandings, or eliminate or establish agreements providing the rate of compensation, covering overtime payments, arbitrary payments, Sunday or holiday payments, constructive allowance payments; negotiate agreements providing for paid holidays, or which would have the effect of increasing or decreasing the number of paid vacation days, or of increasing or decreasing the number of employees required to be used under existing agreements.

The negotiation of increases for dining-car stewards to the extent indicated in our comment under that subject and the adjustment of guarantees on individual properties for trainmen engaged in short turnaround service shall be excepted from the bars provided for in the above-recommended clause. So also should the handling of a limited number of demands in areas where the parties agree that there is an existing inequity be excepted from said bar. In the event of the failure of the parties to agree upon a disposition of those demands the question shall be referred to final and binding arbitration.

Further, said agreement shall permit notices, served on individual railroads prior to the effective date of the agreement, dealing with the rate of compensation covering arbitrary payments or constructive allowance payments to be progressed, to become effective not earlier than November 1, 1959, within, but not beyond, the specific procedures for peacefully resolving disputes which are provided for in the Railway Labor Act, as amended, and except that notices for general increases or decreases in basic rates of pay, to become effective not earlier than November 1, 1959, may be served for handling on a regional or national basis before the expiration of the 3-year period and may be progressed within, but not beyond, the specific procedures for peacefully resolving disputes which are provided for in the Railway Labor Act, as amended.

CARRIERS' PROPOSALS

On condition that a settlement be accomplished within the framework of the foregoing recommendations we recommend that the Carrier proposals with respect to revision of the overtime rule in short turnaround passenger service, revision of the dual basis of pay in

passenger and through freight service, and revision of the crew consist rules in road and yard service be withdrawn. In view of the Carriers' expressed willingness to forego those demands as a consideration for adoption of the pattern settlement we deem it unnecessary to comment upon those demands.

NATHAN CAYTON, *Chairman.*
FRANCIS J. ROBERTSON, *Member.*
A. LANGLEY COFFEY, *Member.*

APPENDIX A

PAID HOLIDAYS, YARD SERVICE EMPLOYEES

(*a*) Effective January 1, 1958, each regularly assigned yard service employee, who meets the qualifications provided in paragraph (*b*) hereof, shall receive 1 basic day's pay at the pro rata rate of the position to which regularly assigned for each of the following enumerated holidays when such holidays fall on an assigned workday of the workweek of the individual employee:

New Year's Day	Labor Day
Washington's Birthday	Thanksgiving Day
Decoration Day	Christmas Day
Fourth of July	

Only 1 basic day's pay shall be paid for the holiday irrespective of the number of shifts worked.

NOTE.—When any of the above-listed holidays fall on Sunday, the day observed by the State or Nation shall be considered the holiday.

(*b*) To qualify, a regularly assigned employee must perform service as a regularly assigned employee on the workdays immediately preceding and following such holiday, and if his assignment works on the holiday, the employee must fulfill such assignment. If the holiday falls on the last day of an employee's workweek, the first workday following his "days off" shall be considered the workday immediately following. If the holiday falls on the first workday of his workweek, the last workday of the preceding workweek shall be considered the workday immediately preceding the holiday.

(*c*) Rules governing payment for service rendered on the holidays enumerated above are not changed hereby. Service performed on such days shall be paid for at the rate provided in existing schedules, and the allowance of 1 basic day's pay provided for in paragraph (*a*) hereof for qualifying employees shall be in addition thereto.

(*d*) In yards operating under strict seniority or markup boards, determination of "regularly assigned employees" for the purpose of applying the qualifying provisions of paragraph (*b*) hereof shall be the subject of negotiations on the individual properties.

(*e*) This article applies only to yard-service employees paid on an hourly or daily basis, who are subject to yard rules and working condi-

tions. Each of the qualifying days of service provided in paragraph (*b*) hereof must be performed in yard service.

(*f*) Existing weekly or monthly guarantees shall be modified to provide that where a holiday falls on the workday of the assignment, payment of a basic days' pay pursuant to paragraph (*a*) hereof, unless the regularly assigned employee fails to qualify under paragraph (*b*) hereof, shall satisfy such guarantee. Nothing in this article shall be considered to create a guarantee where none now exists, or to change or modify rules or practices dealing with the carrier's rights to annul assignments on the holidays enumerated in paragraph (*a*) hereof.

(*g*) That part of all rules, agreements, practices, or understandings which require that yard-crew assignments or individual assignments for yardmen be worked a stipulated number of days per week or month are hereby abrogated insofar as the seven (7) holidays herein referred to are concerned.

(*h*) As used in this article, the terms "workday" and "holiday" refer to the day to which service payments are credited.

(*i*) Nothing in this article shall be considered to change or modify application of the Vacation Agreement effective July 1, 1949, as amended, and Article 3 (Five-Day Workweek) of the Agreement of May 25, 1951, as amended.

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