

Report
TO
THE PRESIDENT
BY THE
EMERGENCY BOARD

**APPOINTED BY EXECUTIVE ORDER 10811 DATED
APRIL 22, 1959, PURSUANT TO SECTION 10 OF
THE RAILROAD LABOR ACT, AS AMENDED**

**To Investigate an unadjusted dispute between Pan American
World Airways, Inc., a carrier, and certain of its employees
represented by the Transit Workers Union of America, AFL-
CIO, Air Transport Division, a labor organization.**

(NMB-E-193)

**WASHINGTON, D.C.
June 15, 1959**

(No. 125)

LETTER OF TRANSMITTAL

WASHINGTON, D.C.,
June 12, 1959

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

MR. PRESIDENT: The Emergency Board created by you on April 22, 1959, by Executive Order 10811, pursuant to Section 10 of the Railway Labor Act, as amended, to investigate an unadjusted dispute between Pan American World Airways, Inc., a Carrier, and certain of its employees represented by the Transport Workers Union of America, AFL-CIO, Air Transport Division, a labor organization, has the honor to submit herewith its report and recommendations based upon its investigation of the issues in dispute.

Respectfully submitted.

DUDLEY E. WHITING, *Chairman.*
MORRISON HANDSAKER, *Member.*
ARTHUR STARK, *Member.*

(II)

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(III)

PARTIES TO THE DISPUTE

Pan American World Airways, Inc., is an international air carrier with extensive routes to many parts of the world. The Transport Workers Union of America, AFL-CIO is the duly designated representative of mechanic and ground service employees, flight service personnel and port stewards and senior port stewards in the service of the carrier.

BACKGROUND OF THE DISPUTE

On October 30, 1958, the Union gave notice to the Carrier of its intention to change the labor agreements between the parties, effective at least until December 1, 1958. The agreements were three in number: (1) covering the mechanics and ground service employees; (2) covering the flight service personnel; and (3) covering port stewards.

All three had the same effective date of October 1, 1957, and the same reopening date of December 1, 1958.

Negotiations began on November 17, 1958. Mediation under the auspices of the National Mediation Board was invoked on November 26, 1958. The Union negotiators were widely representative of all divisions and groups and of each of the three separate classes of employees, and the various contract proposals were diligently and intensively discussed and explored over many weeks at the bargaining table.

Finally, on March 4, 1959, the Union negotiators and the Carrier reached agreement, subject to ratification by the membership of the Union. This agreement covered all three groups. Some of those provisions applied only to flight service personnel, others only to mechanic personnel, but these differences related only to working conditions which were not common. The wage agreement for instance applied as far as mathematically possible, with equal effect to all groups. This was the historical practice. Negotiations have been conducted jointly and the ultimate agreement customarily maintains parity between the groups. The mechanic and ground service group and the port steward group ratified the agreement. The flight service group rejected it and the Union gave strike notice on April 22, 1959, effective April 27, 1959.

This Emergency Board was created by Executive Order No. 10811, signed by the President on April 22, 1959, to investigate such dispute

and report its findings and recommendations to him within 30 days. Hearings were held commencing May 14, 1959, and continuing through May 22, 1959, in New York City. During these hearings the parties presented 99 exhibits and the testimony of many witnesses, including all members of the Union Committee. During these hearings, the parties agreed to extend the time for report by the Board until June 15, 1959.

ISSUES IN DISPUTE

Although the Union had presented to the Carrier 11 proposed changes in the flight service agreement, the evidence and argument addressed to this Board were directed exclusively to two issues: (1) should the compensation of the flight service personnel be based upon the speed of the aircraft to which they were assigned and what should such compensation be; (2) what should be the term of the agreement.

FINDINGS OF THE BOARD

The 1957-58 Agreement provided monthly rates of pay (with increment increases based on length of service) for Steward or Stewardess starting at \$262.50 with a maximum of 380.50 after 36 months and for Purser starting at \$385.50 with a maximum of \$475.50 after 48 months. In addition, it provided pay at \$3.75 per hour for flight hours in excess of 70 per month and overtime compensation for flight hours in excess of 255 per calendar quarter or in excess of 900 per calendar year.

The proposal of the Union for compensation is as follows:

1. (a) Amend Article 7 by reducing the present 70 hours to 64.6 for DC-6 and B-377, 350 m.p.h.; 62.2 for DC-7, 375 m.p.h.; 48 for B-707, 575 m.p.h. in a calendar month. This formula is based on 300 miles per hour—70 hours and adding 1 minute to each hour for each 10 m.p.h. increase in speed of the aircraft.

(b) Amend Article 7 for the hours for each type of aircraft as specified above, and that the employees receive straight time rate for each hour from 70 to 85 hours, using the formula as specified in 1(a).

(c) Amend Article 7 for the hours for each type of aircraft as specified above, and the employees are to receive time and one-half rate for each hour over 85 hours, using the formula specified in 1(a) above.

(d) Amend all provisions in the collective bargaining agreement to be consistent with the above proposal.

The March 4, 1959, agreement provided increases in monthly rates for Steward or Stewardess of \$23.00 effective December 1, 1958, and an additional \$16.00 effective December 1, 1959, and for Purser of \$32.00 effective December 1, 1958, and an additional \$21.00 effective December 1, 1959. It provided for an increase to \$4.25 per hour for flight hours in excess of 70 per month and provided an additional 5

percent of compensation for employees assigned to straight jet aircraft.

The Union had proposed a contract of 1 year's duration for all groups. The joint negotiating committee in the March 4, 1959, agreement accepted the wage increase and other improvements afforded in return for a 2-year agreement.

The wage increases for flight service personnel set forth above were in fact a translation of the mechanic and port steward increases into the monthly salary and hourly pay method of computing flight service pay. This historic practice is due to the Union's insistence that all groups share fairly in whatever improvements in wages, fringe benefits and working conditions are desired and available as the result of increases in cost of living, productivity and other factors which determine such improvements. This parity of treatment of all of the groups represented by the Union over the years should not be disturbed without some compelling reason.

The Union contends that the introduction of jet aircraft, with their greater speed and larger pay load, constitutes such a compelling reason. The fact that the jet travels faster does not by itself make the work of the flight service attendant more difficult or burdensome. Indeed, the smoothness of the jet flight at high altitude almost eliminates the passenger discomfort, which sometimes occupies the flight attendant on the slower and lower flying airplanes. The same smoothness makes the serving of food and beverages less difficult. That service is now much more elaborate and time-consuming, not only on the jets, but also on the piston aircraft, the Union contends. This, the Carrier concedes. The keen competition among international air lines leaves this Carrier with no practical alternative but to match or improve upon the service offered by foreign lines. It is not irrelevant perhaps, to observe that the wages and working conditions of flight service employees of these foreign competitors are far below those enjoyed by the flight service employees of Pan American. We are sure that Pan American employees recognize that they have a personal interest in the maintaining of high service standards. Otherwise, the foreign carriers would attract more passengers and result in serious loss of jobs and promotion opportunities for these employees.

This increase in passenger service offered by Pan American adds little, however, to the burden of the flight service personnel, since it has been achieved in substantial part by adding additional flight service personnel. At present, each jet carries six flight service employees and the March 4 agreement provides that when five or more of these employees are assigned to a jet flight, two of them must be

pursers. This provision alone adds about \$100.00 a month to the wage cost of the flight service crew. There is one area in which the speed of jet aircraft has in this transition period from pistons to jet, affected the working conditions of the flight service personnel. Since the jets have been utilized on schedules which were developed on the basis of experience with slower aircraft, the normal flight time—which affects pay time—in one period away from home is somewhat less than formally. It is true that a flight service employee assigned to jet flights acquires fewer flight hours in the same number of round trips to a European “gateway.” Thus, the employee in the Atlantic division on the jet would make more round trips a month to the same “gateway” to accumulate the same flight hours as an employee assigned to piston aircraft. At worst, the number of his leave-home trips would be no more than the normal lot of his counterpart in the Latin-American division. The Carrier contends that an increase in the number of trips from home is no valid basis for special compensation and that in the next few months, as more and longer range planes become available, schedules for flight service employees will be revised and will tend to restore his former status in that respect.

In any event, the evidence discloses that the number of days at home free of duty (15 to 21 per month) does not vary greatly from those on piston schedules. The difference is simply that on jet schedules the time is divided into shorter segments. That does not justify a fundamental change in the method of pay for flight service personnel, and it is noted that the March 4, 1959, agreement increased the guaranteed days free of duty from 30 to 36 each quarter.

Here, we reach the fundamental problem confronting this Board. All of the evidence adduced by the Union in support of its demand for a jet or speed differential is almost entirely related to transition circumstances. Jet operation is still in its preliminary stages. In fact, the Carrier is using its present jet fleet on trips for which it may not ultimately be intended or used. The only available evidence on jet use and its impact on employees comes from the Atlantic division. But, the jets ultimately intended for use in this division have not yet been delivered to Pan American. What flight service schedules can, or will, be established for the longer range Boeing and DC-8 can only be determined when those airplanes are put into use. This Board must of necessity give great weight to the agreement of March 4, 1959, worked out by competent, experienced and representative negotiators. All of the flight service signatories to that agreement appeared and testified before this Board. Indeed, there was only one Union witness who had not been a signatory to that agree-

ment. These Union leaders showed an intelligent understanding of the problem of the flight service group. Not only were they capable and experienced negotiators, they also had many years of service with Pan American and at least one of them with another carrier. This Board must respect their experience and their considered judgment in evaluating the problems of these employees and arriving at the March 4 agreement to resolve them.

That agreement not only maintained an historic parity which we are reluctant to upset, it also provided a recognition of problems peculiar to the flight service group and a remedy for those problems which must have seemed fair and satisfactory to those representatives chosen by the flight service personnel themselves.

It appears to us that the agreement of March 4, 1959, provides salaries, earnings, and working conditions generally superior to those available to employees performing similar services on other airlines, including the larger domestic American airlines and the principle competitors of this Carrier. It is our opinion that the Union representatives could be justly proud of that agreement and rightfully anticipate ratification by the membership.

The Union also attempted to justify its proposal because of the pilot agreements which provide pay differentials on the basis of speed. The pilot situation, in our opinion, is not in point. For many years pilots' pay has been based upon the speed and weight of the aircraft flown, among other factors. On that basis, they received an increase in pay for flying jet aircraft. However, there never has been any relationship between pay of pilots and flight service personnel—on this airline or any other American airline, and the record clearly shows that speed of aircraft is not a factor in pay for flight service personnel on any American airline.

Under all of the circumstances, the Board finds that it should not, at this time, substitute its judgment for that of the experienced negotiators who represented the employees as to the appropriate approach to a resolution of the problems confronting them in connection with the operation of jet aircraft. Rather, we think the results of those negotiations should be effectuated during at least a portion of the period of transition to jet operation.

Because it appears that conditions may well change shortly to permit more mature consideration of those problems, we have decided to make the following recommendation for the resolution of this dispute.

RECOMMENDATION OF THE BOARD

We recommend that the parties accept all of the provisions of the agreement of March 4, 1959, covering flight service personnel, with the addition of the following:

The Union shall have the right to reopen the agreement covering flight service personnel on or after December 1, 1959, upon thirty (30) days written notice, solely for the purpose of negotiating compensation for service on straight jet aircraft for period commencing December 1, 1959.

If the parties fail to reach agreement, they shall submit the issue to arbitration, such to be conducted under the arbitration procedures set forth in the Railway Labor Act, as amended. Payment of the 5 percent jet compensation differential for the period December 1, 1958, to December 1, 1959, shall be without prejudice to the position of either party in any such arbitration proceeding; and in the event the Union does not elect to reopen the agreement, the 5 percent jet compensation differential shall remain effective for the duration of the agreement of March 4, 1959.

Respectfully submitted.

DUDLEY E. WHITING, *Chairman.*

MORRISON HANDSAKER, *Member.*

ARTHUR STARK, *Member.*