

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

**APPOINTED BY EXECUTIVE ORDER 10872 DATED  
MARCH 18, 1960, PURSUANT TO SECTION 10  
OF THE RAILWAY LABOR ACT, AS AMENDED**

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**To Investigate an unadjusted dispute between Pan American World Airways, Inc., a carrier, and certain of its employees represented by the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, a labor organization.**

**(NMB Case No. A-6130)**

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**WASHINGTON, D.C.  
JUNE 2, 1960**

**(Emergency Board No. 128)**

## LETTER OF TRANSMITTAL

WASHINGTON, D.C.,  
*June 2, 1960.*

THE PRESIDENT

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

MR. PRESIDENT: The Emergency Board created by you on March 18, 1960, by Executive Order 10872, 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 Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, a labor organization, has the honor to submit herewith its report and recommendations based upon its investigation of the issues in dispute.

Respectfully submitted.

PAUL N. GUTHRIE, *Chairman.*  
ARTHUR STARK, *Member.*  
SAUL WALLEN, *Member.*

(ii)

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## **PARTIES TO THE DISPUTE**

Pan American World Airways, Inc. (PAA) is an international air carrier with extensive routes to many parts of the world. More than 15,000 of its employees are represented by labor organizations, including pilots (Air Line Pilots Association), flight engineers (Flight Engineers International Association), flight service attendants, mechanics, ground service employees and port stewards (Transport Workers Union), service supply clerks (International Brotherhood of Teamsters), and dispatchers (Air Line Dispatchers Association).

The Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees (BRC), AFL-CIO has been the duly designated representative of the Carrier's clerical and related employees since 1946. About 4,700 employees currently covered by the BRC Agreement are divided among more than 300 job classifications ranging from unskilled Couriers to highly trained Senior Accountants. For pay purposes, employees have been allocated to twelve Ranking Groups (XVI to V); each group has a minimum and maximum hourly rate, with five intermediate automatic progression points.

The bulk of the employees represented by the BRC are located in the continental United States, principally at New York City (44%) and Miami (20%). Smaller groups are situated in Puerto Rico, the Virgin Islands, Canal Zone, Alaska and Hawaii. Additionally, about 10% of the employees are assigned to the Guided Missiles Range Division (GMRD) where, since 1955, PAA has operated under a cost-plus-fixed-fee contract with the Government.

The employees in this proceeding are predominantly single (62%) and female (54%). About half are thirty years of age or younger and 30 percent are under 26. Almost 60 percent of the female and 58 percent of the male employees have less than 4 years of service with PAA.

## **BACKGROUND OF THE DISPUTE**

The current agreement between the parties covers the period November 25, 1958-December 31, 1959. On October 9, 1959 the BRC served notice on the Carrier of its desire to change certain terms and conditions of the contract.

Negotiations commenced on November 16, 1959. Following five meetings, representatives of the parties initialed a document containing their agreements on a variety of issues, these agreements being conditioned on a mutually satisfactory resolution of remaining "matters of compensation."

On December 7, 1959 the BRC presented its proposals concerning wages, effective date and duration. When no agreement on these matters was reached, the mediation services of the National Mediation Board were invoked.

Mediation sessions were held in New York on December 17 and 18, 1959, and from January 11 to 15, 1960. They were continued in Washington from February 2 to 5, in Florida from March 3 to 5, again in Washington from March 8 to 11, and in Chicago on March 16.

During this period the National Mediation Board (on February 5, 1960) urged the parties to submit their differences to arbitration, as provided in section 8 of the Railway Labor Act. The Carrier agreed to arbitrate three issues: rates of pay, effective date, and duration of the Agreement. The BRC declined.

On March 17, 1960, the BRC advised its members that a strike had been set for 8 a.m., March 22. The following day, March 18, the President issued Executive Order 10872 establishing an Emergency Board pursuant to section 10 of the Railway Labor Act. The President found that the unadjusted dispute between the Carrier and its employees, represented by BRC, "threatens substantially to interrupt interstate commerce to a degree such as to deprive a section of the country of essential transportation services." He directed the Board to report its findings with respect to the dispute within 30 days.

Subsequently, the Board was granted an extension of time in which to report to June 2, 1960.

Formal hearings were conducted in New York for 10 days: April 18-22 and April 25-29. The record of the proceedings consists of 1,346 pages of testimony and 215 exhibits. Thereafter the Board met informally with the parties for several days in an effort to assist them in reaching a direct agreement. While these efforts proved unavailing, they enabled the parties and the Board to obtain a clearer focus on the crucial issues in dispute.

## ISSUES IN DISPUTE

### *I. BRC Proposals of October 9, 1959*

Upon formally reopening the Agreement, the BRC submitted a series of proposals for changes and additions, some specific, others general in character. Since many of these were disposed of during

subsequent negotiations we shall not discuss them here in detail. It may be noted, however, that included among them were requests for modification or improvement of the following clauses:

<i>Article</i>	<i>Subject</i>	<i>Sections covered by proposals</i>
1	Recognition-----	
2	Hours of service and overtime-----	(a) through (d), (f) through (h), (j) through (l), (n), (p) through (s)
4	Holidays-----	(a) and (b)
5	Job classification-----	(d) and (e)
10	Bulltined positions-----	(b)
12	Qualifying-----	(a)
13	Transferring and consolidation-----	(d) and (e)
14	Reducing forces-----	(c)
15	Leave of absence-----	(f) and (g)
16	Return from leave of absence-----	
17	Military leave—Retention of seniority-----	
18	Notice of discontinuance-----	(c)
19	Service away from assigned headquarters-----	(a)
20	Vacations-----	(a), (b)
21	Transportation-----	
22	Uniforms-----	
23	Paid sick leave-----	(d)—New
36	Severance allowance-----	(b)
Appendix B:		
	Promotion-----	Paragraph 3(b)
	Demotion-----	Paragraph 4
	Shift differential-----	Paragraph 5

The BRC also proposed the addition of five new provisions to the Agreement:

<i>Article</i>	<i>Subject</i>
37	Weekly paydays on Thursday
38	Bi-lingual wage differential of 15 cents
40	Disabled employees
41	Parking fees

Additionally, the BRC proposed:

1. Joint revision of the Job Manual to more accurately describe covered positions.
2. Elimination of Exceptions S-2 and S-7.
3. Full stateside rates for employees in Puerto Rico.
4. Provision for longevity pay based on length of service.
5. Provision for company financed Group Insurance plan to cover all employees.
6. Provision for company financed Hospitalization Plan to cover all employees.
7. Across-the-board wage increase of 75 cents per hour.
8. One year contract.

## II. PAA Proposals

At the commencement of negotiations the Carrier made about 30 proposals for modification of the Agreement, covering:

Article	Subject	Sections covered by proposals
3	Hours of service and overtime.....	(b), (c), (h), (j), (m), (n)
4	Holidays.....	New
5	Job classifications.....	(b), (c)
6	Seniority districts.....	
7	Seniority.....	(c)
8	Reporting and not used.....	
10	Bulletined positions.....	(a), (b), (c), (g)
11	Promotions, assignments and displacements..	
12	Qualifying.....	(b), (c)
14	Reducing forces.....	(c), (e)
15	Leave of absence.....	(e)
16	Return after leave of absence.....	
20	Vacations.....	(c)
27	Printing agreement.....	
34	Adjustment boards.....	(a)

The Carrier also proposed continuation of all Exception Agreements, excluding S-6.

## III. The December 4 "Memorandum of Agreement"

On December 4, 1959, following a number of bargaining sessions, a meeting of the minds was achieved with respect to modifications and additions to the so-called Rules provisions. A "Memorandum of Agreement" covering the agreed upon changes was drawn up and initialed by authorized representatives of both parties.

It was stipulated, moreover, that the 1959 Agreement would remain unchanged except for (1) the changes set forth in this "Memorandum," (2) provisions respecting "matters of compensation, . . . effective date and duration," which were to be subsequently negotiated.

The parties also agreed that the rules changes would "be effective prospectively from the date of execution of a complete Agreement but in no event prior to January 1, 1960." On the other hand, compensation, effective date and duration provisions were to be "determined and made effective as of a date mutually agreed upon."

Since the parties are in possession of the Full "Memorandum" Agreement there is no need to reproduce it here. However, for purposes of understanding and evaluating the entire "package" which ultimately will represent the 1960 contract, we believe a brief summary of the Rules changes agreed to on December 4 would be helpful. (It may be noted, incidentally, that some of the Rules involve money items, although most such items come under "matters of compensation" which will be discussed separately below.)



The significant Rules changes, then, provide in substance:

*Article 1. Recognition*

Coverage of the Agreement is extended to clerical, office and related employees located in the entire state of Hawaii, rather than just in Honolulu.

*Article 3. Hours of Service and Overtime*

*Section (b).* Instead of giving 36 hours' advance written notice of a change in the fixed starting time of regular assignments, Supervision must give 5 days' notice except in an emergency.

*Section (c).* Advance notice of changes in assignment of days off is increased from 36 hours to 5 days except in an emergency.

*Section (g).* The guarantee for employees recalled to work after being relieved for the day is increased from 2 hours, 40 minutes' to 4 hours' pay, at the overtime rate applicable "for any duty not continuous with his regular assignment."

*Article 7(a). Seniority*

The probationary period for new employees is reduced from 60 calendar days of service to 2 months or 40 working days.

*Article 10(c). . Bulletined Positions*

Information on "special abilities, if any" is to be included in Bulletins when appropriate (in addition to the information already specified).

*Article 14(c). Reducing Forces*

The Company will forward copies of notifications received from laid off employees to the General Chairman and Local Chairman rather than to "The Brotherhood."

*Article 16. Return after Leave of Absence*

Protection of this article is extended to cover employees returning from sickness or vacation.

*Article 19(a). Service Away from Assigned Headquarters*

This article has been recast to provide for pay when emergency work is performed away from base station, "whether traveling, on call or working, but in no case more than 12 hours pay for traveling, or being on call for any 24-hour period."

*Article 20. Vacations*

*Section (b).* The clause denying accrued vacation pay to a discharged employee has been modified to cover an employee discharged "for a cause."

*Section (d).* This new clause provides that for purposes of computing length of service for eligibility for 3 weeks' vacation, total company service shall be used without regard to continuity of such service.

*Article 24. Health and Safety*

*Section (d).* This new clause grants employees 5 minutes' wash up time before the end of each shift.

*Section (e).* This new clause assures employees that the Company "will continue its present policy providing rest periods."

*Article 32(a). Discipline and Discharge*

The protection of this section now becomes effective after an employee completes his probationary period (2 months or 40 working days), instead of after 3 months' active service.

*Article 33. Adjustment of Grievances*

Coverage of this article is extended to employees at GMRD, thus providing a uniform grievance procedure throughout the system.

*Article 34. Adjustment Boards*

Procedure for processing grievances to Adjustment Boards has been streamlined by canceling Exception Agreement S-6 and thus eliminating a System-level consultation step. By revising section (a) the parties have clarified the jurisdiction of Adjustment Boards:

1. Field Adjustment Boards will handle grievances concerning discipline, discharge, qualifications of individuals and any others referred by the System Board.

2. The System Adjustment Board will handle all other grievances.

*Article 35(b). Severance Allowance*

Eligibility for severance has been expanded to include employees with 1 and 2 years' service (currently coverage begins at 3 years). The present maximum allowance of 9 weeks has been extended to 10 weeks (for employees with 10 or more years of service).

There is no doubt that acceptance of the above cited agreement on Rules changes was contingent upon a satisfactory resolution of major economic items. Absent such resolution, presumably, the parties are free to accept or reject, in whole or in part, these changes.

However, from a realistic viewpoint it must be acknowledged that this "Memorandum of Agreement" represents the fruits of serious negotiation. As the end product of the give and take of collective bargaining, it should not be lightly set aside.

Moreover, it is the Board's hope that its recommendations on major economic terms will form a basis for the mutually satisfactory resolution of "matters of compensation" which the parties were unable to

reach in direct negotiation. Assuming this to be the case, there appears to be no reasonable ground for not adopting the agreed-upon Rules changes as part of the entire 1960 "package."

#### *Recommendation*

Accordingly, it is the Board's finding and recommendation that (1) the Rules changes set forth in the December 4 "Memorandum of Agreement" be embodied in the new contract; (2) these new terms be made effective with the date of execution of the new contract; (3) other Rules changes proposed by both PAA and BRC be withdrawn (except for those included in Board recommendations and described elsewhere in this report).

#### *IV. BRC Proposals before this Board*

While maintaining that the parties' failure to agree on all terms of a new contract leaves it free to reopen and negotiate on its original demands, the BRC confined its presentation to a group of so-called major issues. If these are satisfactorily disposed of, the Union believes, all other matters can be easily resolved.

Only two of these "major" issues are not money items:

#### *Revision of Job Manual*

The BRC proposed:

"There shall be a joint revision of Job Manual to more accurately describe all positions."

Evidence presented to the Board shows that sub-committees of the parties have had preliminary meetings to discuss manual revisions. The Carrier is willing to consider any specific suggestions which may be submitted.

#### *Recommendation*

The task of revision, admittedly, is a long one, requiring many months. It is the Board's finding and recommendation, therefore, that the committee which has already begun this task, be empowered to follow through until completion.

#### *Weekly pay*

The BRC proposed:

"All employees under this Agreement shall be paid weekly on Thursday. If pay day falls on a holiday, employees will be paid on the preceding day, (Wednesday)."

Employees covered by the BRC Agreement are currently paid on alternate Fridays. There is no contractual provision on the subject.

### *Recommendation*

While the Union urges a change in this procedure which would conform clerk's paydays to those of mechanics and store clerks, it offers no persuasive evidence of existing hardship. The Board recommends, therefore, that this proposal be withdrawn.

Of the remaining economic issues, several may be considered together. These BRC demands represent varying amounts of cost impact: Parking fee and minimum overtime relatively little, vacations, holidays, insurance (and the like) considerably more.

For the reasons set forth below, this group of requests will not be discussed at length. However, their substance may be briefly described as follows:

*Vacations.* The BRC requests that (1) eligibility for 3 weeks' vacation be lowered from 10 to 5 years of continuous service, and (2) 4 weeks' vacation be granted employees with 10 years' service.

(We have already recommended certain changes in the vacation clause contained in the December 4 "Memorandum of Agreement.")

*Holidays.* The BRC requests that four holidays be added to the present seven: Good Friday, Election Day, Veterans Day, Lincoln's Birthday. It also proposes to change the holiday premium from double to triple time pay.

*Life Insurance.* The BRC proposes that the Company assume the full cost of Group Life Insurance Plans for all insured employees after they have completed one year of service. (Currently each covered employee—and not all are covered—contributes 50 cents per month for each \$1,000 of coverage; the Company pays the balance.)

*Blue Cross-Blue Shield.* The BRC proposes (1) the Company shall assume the full cost of all hospital insurance plans for all insured employees who have completed one year of service; (2) a female employee shall not be denied the right to claim her spouse as a dependent.

(Currently an employee with no dependent benefits pays \$3.25 a month, one with dependent benefits pays \$3.50. The Company pays the balance, based on actual yearly costs of the plan.)

*Disability Pay.* The BRC requests that the period for payment of 80 percent normal salary to employees disabled by compensable occupational injury or illness be extended from 45 to 60 calendar days.

*Uniforms.* The BRC proposes that all present provisions (article 22) requiring employees to pay for uniforms be eliminated and replaced by a clause stating,

Uniforms and uniform replacements required to be worn by employees for the Company shall be furnished and maintained at Company expense.

*Meal Allowance.* The BRC requests (1) the meal allowance be increased from \$1 to \$2.75; and (2) eligibility for this allowance be relaxed to include anyone required to work 10 or more hours instead of 10 or more continuous hours.

*Parking Fees.* The BRC proposes that employees be reimbursed for the cost of parking at locations where the Company does not provide parking facilities.

*Promotion.* The BRC proposes:

(1) Employees promoted from one classification to another be increased to the scale rate of the new position directly above their old scale rate. (Under the present formula they receive an increase equal to at least the difference between the basic rate of the new classification and the next lower classification, or the basic rate of the new classification, whichever is greater.)

(2) Periodic increases will not be affected by promotional increases and will be in accordance with the scale for the higher ranking group (i.e., off-scale rates would be eliminated).

(3) Prior service in the former ranking group will be counted in the new group.

*Demotion.* The BRC requests a change in the formula governing salary reductions to provide for a reduction of not more than a sum equal to the difference between present salary and the minimum rate of the new job, or the salary last received on the new job—whichever is less. In no event, the BRC suggests, should a reduction exceed \$10 per month.

*Bi-Lingual Differential.* The BRC proposes that a 15 cent differential be added to the rates of all positions in which bi-lingual ability or knowledge is required.

*Overtime Minimum.* The BRC requests that any employee required to work overtime be guaranteed at least two hours work at premium rates.

These demands, in their totality, represent a substantial annual labor cost impact. At cost factors they cannot be separated from other economic requests. An evaluation of all BRC demands convinces this Board that it would be economically unfeasible for the Carrier to grant *each* one, in whole or in part. Choices must be made as to which are considered most important.

Our conclusion (based on a comparison of PAA conditions with those at other airlines, the relative status of BRC employees compared with other PAA employees, and other relevant factors) is that the parties' mutual interests would be best served if the major economic benefits gained in this year's negotiations were concentrated in wages, longevity pay, shift differential, Puerto Rican rates, and certain reclassifications and consolidations.

### *Recommendation*

Accordingly, without passing on the basic "merits" of the above group of economic demands, the Board recommends that they be withdrawn.

*Wages, Effective Date and Duration.* Employees concerned in this proceeding are classified in 12 Ranking Groups, 5 through 16, with Ranking Groups 15 and 16 not listed as such, but so regarded in this proceeding. Each Ranking Group has a minimum and maximum rate with five automatic progression steps spread over 4 years. The lowest Ranking Group, Number 16, has a starting rate presently of \$1.295 per hour, and a maximum rate of \$1.745 per hour, which maximum is attained after 4 years of service. The range of group 5, the highest Ranking Group, is at present \$2.145 to \$2.805 per hour, which maximum rate is attained after 4 years of service. In a word, the present contractual minimum rate is \$1.295 and the maximum is \$2.805. Therefore, all employees in the class and craft here involved are presently receiving rates of pay between \$1.295 and \$2.805.

In its section 6 notice to the Company and again in its opening statement to this Board, the BRC requested a general wage increase of 75 cents per hour. During the hearings, however, this request was reduced to 51 cents per hour for all employees here involved (Employees' Exhibit 19).

### *Position of the BRC*

It is the position of the BRC that the requested increase is justified on several grounds. It contends that a general wage increase of at least 51 cents per hour is required to place these Pan American employees in a comparable position with similar groups on other airlines, railroads, bus lines, and other major industries where similar skills and responsibilities are employed.

The BRC argues: (1) Rates of pay for Pan American employees in this class and craft have fallen far behind the rates paid by other companies in the industry for similar classes of work. For example, rates for BRC represented employees on Capital Airlines are at least 25 cents per hour higher, with another 7 cents increase due early next year. Moreover, the job duties and responsibilities of Pan American employees are certainly as great, if not greater, than those of Capital employees.

(2) Rates of pay for these employees on Pan American have fallen behind those received by other groups employed by Pan American. In particular, BRC cites the wage improvements granted stock clerks in the 1959 negotiations between the Company and the International Brotherhood of Teamsters.

(3) Pan American employees here involved, in their rate of progress, have fallen behind the rate of wage improvement in other industries. Clerical employees on the railroads have a wage scale which is far superior to that presently in effect at Pan American, as do employees of Railway Express and other firms who employ similar classes of employees. Many over-the-road bus companies pay rates which are superior to those received by comparable groups on Pan American.

### **POSITION OF THE COMPANY**

The Company takes the position that no justification exists for a general wage increase of the magnitude sought by the Brotherhood. The Company does not take the position that no general wage adjustment is justified. A proper wage adjustment, the Company believes, would increase wages by 7 cents per hour effective on the date the agreement is signed, and by another 7 cents per hour to be effective January 1, 1961. Such adjustment would not only bring Pan American rates fully in line, but would put many rates above those paid for similar work on other airlines.

While conceding that it granted a substantial wage increase to stock clerks, the Company denies that the magnitude of such increase was as great as has been represented. Much of the increase, it argues, was in the nature of a "catch-up" increase to correct an inequity which had developed over a period of years between Pan American stock clerks and stock clerks on other airlines. It is the Company's position that even if it were conceded that it is proper to use the Teamsters settlement as a standard (and the Company makes no such concession) its application to the BRC unit would not justify a 51 cents per hour wage increase.

On the contrary, the Company maintains that if (1) normal standards of comparison in wage determination are employed, and (2) consideration is accorded the general economic condition of the industry, it becomes evident that a wage adjustment no larger than that offered by the Company (seven and seven) can be justified. Therefore, the Company asks the Board to recommend general increases no larger than the two 7-cent adjustments which the Company offered during the hearing.

### **BOARD FINDINGS**

In making its findings and recommendations the Board has reviewed carefully the wage and economic data submitted by the parties. A number of items in this proceeding are significant in terms of labor cost even though they are not embraced in the general wage adjustment. In reviewing the wage data submitted by the parties the Board

has considered all of these money items as being related since they all involve labor cost. There is no doubt that the parties, in their past bargaining, have recognized such relationships. The Board, therefore, makes its findings and recommendations on general wages, not as something apart from other money items, but in consideration of the total package of items which must be resolved in collective bargaining by the parties after the Board's recommendations are made.

Our basic function is to frame recommendations which may form a realistic basis for a settlement of this dispute. It is not our purpose to try to estimate the relative economic strength of the two parties in the event this dispute should finally be resolved by strike action. Rather it is our task to help avert a strike.

The Board is fully aware that wage determination, and the balancing of equities, is not an exact science; it requires the exercise of discretion and judgment; many divergent factors must be given consideration in reaching a conclusion. The recommendations given below, we believe, offer a proper basis on which the parties can resolve the dispute and at the same time do justice to their respective interests. The Board is aware of the role of the public interest in a dispute of this kind. We are sure that the parties are also aware of the importance of the public interest, and that they will use every means in collective bargaining to resolve this dispute short of strike action. In this regard it may not be amiss to note that some accommodation of their respective interests must be made by the parties so that the public interest may be preserved.

In developing these recommendations we have been guided by the criteria normally used in wage setting in collective bargaining and by various types of impartial Boards which customarily participate in wage setting by way of awards or recommendations. We recognize that the company employs many persons in a variety of classes and crafts. We have, therefore, taken into account the historic wage relationships between various classes and crafts where, over the years, patterns have been developed by collective bargaining. These should not be upset lightly for they have back of them the testimony of living experience.

We are also aware that this Company is a part of the air line industry; that frequently its employees work near the employees of other air lines. The fact that this Company is a part of the air line industry does not mean that comparisons cannot be made with other industries. While the primary comparisons are within the industry, both intra company and inter company, nevertheless, it is appropriate



to consider wage movements in other industries and in the economy as a whole.

With respect to the duration of an Agreement, the parties have given consideration, in direct bargaining and in discussions with the Board, to several possibilities, including terms of 1 year, 2 years, 26½ months, 28 months and 3 years.

In our judgment the new Agreement should be for a term of not less than 2 years (almost 6 months of which have already passed). However, a review of the entire picture convinces us that there are persuasive arguments to support a recommendation for a 3-year contract, effective January 1, 1960. The longer term Agreement would be of mutual benefit to the parties by providing a substantial period of stability. Of course, there are uncertainties with regard to changes in the American and world economies which may occur during the remainder of 1960 and in 1961. These changes might well affect the parties' bargaining position on January 1, 1962 if the contract was then open.

However, should a mutually satisfactory wage adjustment for the third year be negotiated now, it is the Board's view that the stability to be gained is worth the "risks" associated with long term agreements. Accordingly, we will recommend two alternatives for the parties' consideration: (1) wage adjustments to be provided in an Agreement to run from January 1, 1960 through December 31, 1961; (2) wage adjustments to be provided in an Agreement to run from January 1, 1960 through December 31, 1962. In our judgment the parties should, through direct negotiation, accept one of these alternatives as a basis for settling the current wage dispute.

The Board should point out that in making specific recommendations for a third year wage increase we are not implying that the same recommendation for 1962 would be valid 2 years hence if the parties accept the 2 years alternative in their bargaining. On the contrary, it should be understood that our 1962 proposal is based solely on the parties' acceptance of a 3-year package and must be considered null and void and without precedent, should the parties elect to sign a 2-year Agreement instead.

What general wage increases would be appropriate for a 2- or a 3-year contract? In arriving at the conclusions set forth below the Board has compared the wage scale and the record of wage adjustments of the instant class and craft with those of other groups of employees in the Company's service. We have made comparisons with wage developments on other air lines and in other industries. We have also taken into account the general growth in the economy as a whole which has occurred since the signing of the last Agreement between these parties. A careful review of the wage data before

us and consideration of the relevant criteria leads the Board to the conclusion that there is no basis on which it can justifiably recommend wage adjustments of the magnitude requested by the Brotherhood. On the other hand, the same considerations lead the Board to the belief that adjustments should be made which go somewhat beyond the Company's formal offer made during the hearing before the Board. Therefore, in view of all these considerations the Board recommends that the parties accept one of the two following alternatives as a basis on which to settle the wage issue.

#### *Two-Year Contract*

For an agreement to run from January 1, 1960 through December 31, 1961, it is recommended that wages be increased by 11 cents per hour effective on January 1, 1960, and an additional increase of 10 cents per hour effective January 1, 1961.

#### *Three-Year Contract*

For an agreement to run from January 1, 1960 through December 31, 1962, it is recommended that wages be increased by 12 cents per hour effective January 1, 1960, an additional increase of 8 cents per hour effective January 1, 1961, and a final increase of 11 cents per hour, effective January 1, 1962.

If adjustments are made in accordance with the 2 years' proposal, they would raise the minimum rate of this class and craft to \$1.745 on January 1, 1961, when effect is given to the consolidation of Ranking Groups 16, 15, 14 and 13 with Ranking Groups 12 as recommended elsewhere in this report. The maximum rate for the class and craft would become \$3.165 (for new Ranking Group 5(a) elsewhere recommended, which has a differential of 15 cents per hour above the maximum rate for Ranking Group 5).

If the recommendation for a 3-year Agreement is adopted by the parties the minimum rate for the class and craft would rise to \$1.845 on January 1, 1962; the maximum rate for the class and craft would become \$3.265 on January 1, 1962.

It may be useful to note that either of the alternatives recommended above will bring the minimum rate for this class and craft on Pan American quite close to that which obtains on Capital Airlines; the new maximum will be somewhat above the maximum on Capital. (However, such comparisons must be made with care since the job classes included in the class and craft on the two air lines may not be coextensive.)

Considerable reference was made during the hearing before this Board to the wage adjustments provided for stock clerks in the 1959

Agreement between Pan American and the International Brotherhood of Teamsters. We are convinced, from a study of the record, that part of this adjustment represented a "catch up" which corrected a recognized inequity. (In 1958, for example, stock clerks received a 5-cent increase while clerical employees enjoyed a 16-cent adjustment.) It should be noted that prior to the IBT 1959 Agreement there had always existed a differential between the minimum rates for stock clerks and the lowest Ranking Group under BRC representation. This was due, no doubt, to a recognition by the bargaining parties that the respective jobs had different requirements and responsibilities. Ranking Group 16, for example, includes junior clerks, couriers, test scorers, duplicating clerks and like positions. There is no historical basis then, in these past relationships which would justify establishment of a common minimum rate for the two groups. The effect of either of our recommendations, however, will be to diminish somewhat the historical differential between the minimum rates in the wage scale for this class and craft and the minimum rate for stock clerks covered by the Teamsters Agreement. The present minimum rate for stock clerks is \$1.90 per hour. Under our 2-year Agreement recommendation, the matured minimum for clerical and related employees will be \$1.745. This reduces the differential by some 0.085 cents per hour. The matured minimum under our 3-year Agreement proposal will reduce the differential another 10 cents per hour (unless, of course, the stock clerk minimum rate is subsequently raised above its present level.)

In sum, it is the Board's belief that either of the proposed alternatives will meet the respective equities involved and provide a desirable basis for the parties' continuing relationship.

#### *Recommendation*

The Board recommends that the parties, through direct negotiation, agree on one of the following alternatives as an equitable basis for resolving their dispute over wages, effective date and duration of Agreement.

1. A 2-year Agreement extending from January 1, 1960 through December 31, 1961, providing a general wage increase of 11 cents, per hour, effective January 1, 1960 and an additional 10 cents per hour, effective January 1, 1961; or

2. A 3-year Agreement extending from January 1, 1960 through December 31, 1962, providing a general wage increase of 12 cents per hour, effective January 1, 1960, an additional increase of 8 cents per hour, effective January 1, 1961, and a final increase of 11 cents per hour, effective January 1, 1962.

*Longevity Pay.* The BRC requests inclusion in a new Agreement of the following clause:

All employees shall receive one (1) cent per hour per year longevity pay after completion of three (3) years of service to a maximum of ten (10) cents per hour.

Longevity pay provides an incentive for employees to remain in the Carrier's employ. To the extent that it is successful in reducing turnover, it results in amortization of recruitment and training cost over a longer period.

The identical provision here requested is already included in contracts between the Carrier and the Transport Workers Union covering mechanics, mechanic helpers and inspectors, and between the Carrier and the International Brotherhood of Teamsters covering service supply clerks. It is also found in the contract between Capital Airlines and the BRC covering stock clerks, as well as in Agreements between a number of airlines and the International Association of Machinists covering mechanical employees.

#### *Recommendation*

The efficacy of such a clause as an incentive to reduce turnover, its prevalence in some segments of the airlines industry and its existence in other agreements on this property lead us to recommend its adoption by the parties to this dispute, effective July 1, 1960.

*Shift Differential.* Appendix B to the parties' present Agreement provides for a differential of 7¢ per hour for employees assigned to an afternoon shift and 12¢ per hour for employees assigned to a night shift. Afternoon shifts are defined as those starting after 12 noon and before 9 p.m.; night shifts are those starting at 9 p.m. or later, and before 5 a.m. Article 3(n) of the agreement bars regular assignments starting between midnight and 6 a.m.

The BRC requests shift differentials of 12¢ per hour for work on an afternoon shift, and 20¢ per hour for work on a night shift. It requests redefinition of the afternoon shift to cover assignments starting between noon and 5 p.m., and the night shift to cover assignments starting between 5 p.m. and midnight. It requests a differential of 20¢ per hour for all hours worked on relief shifts (which we understand to be the same as rotating shifts).

The evidence presented at the hearing and information gleaned during discussions with the parties established that they were in substantial agreement on revision of the shift differential clauses of the present agreement so as to provide:

- (1) A 7¢ per hour differential for work on the afternoon shift;
- (2) A 17¢ per hour differential for work on the night shift;

(3) A rotating shift differential of 14¢ for those rotating through two shifts, and 17¢ for those rotating through three shifts;

(4) Redefine the afternoon shift to cover assignments starting between noon and 5 p.m., and the night shift to cover assignments starting between 5 p.m. and 6 a.m.;

(5) Eliminate article 3(n) of the present Agreement.

### *Recommendation*

Since shift differential arrangements identical with these are already a feature of the contract between the Carrier and the Transport Workers Union, the Board recommends:

(1) Inclusion in the agreement of the following clause to deal with shift differentials:

(a) An employee assigned to a shift which begins at or after 12:00 noon and before 5:00 p.m. shall receive a shift differential of seven (7) cents per hour. An employee assigned to a shift which begins at or after 5:00 p.m. and before 6:00 a.m. shall receive a shift differential of seventeen (17) cents per hour. No shift differential shall be received by an employee assigned to a shift which begins at or after 6:00 a.m. and before 12:00 noon.

Example: 12 noon-----	4:59 p.m.-----	7 cents
5 p.m.-----	5:59 a.m.-----	17 cents
6 a.m.-----	11:59 a.m.-----	None

(b) An employee shall receive the shift differential applicable to the shift to which he is regularly assigned for all work performed while he is so assigned, including overtime.

(c) An employee may be required to rotate on shifts during a workweek in which event he shall receive for all shifts worked fourteen (14) cents per hour shift differential if he rotates through two shifts or seventeen (17) cents per hour shift differential if he rotates through three shifts.

(2) Elimination from the Agreement of the present article 3(n).

(3) The effective date of this provision be July 1, 1960.

*Puerto Rican Rates.* The BRC requests that all employees located in Puerto Rico receive stateside rates.

At present, 167 persons are employed in Puerto Rico; about 75 percent are males. All but a handful are situated in San Juan; five are assigned to GMRD at Mayaguez. Most employees (133) work in airline "specialty" positions such as Space and Load Controller, Traffic Supervisor, Traffic Representative and the like. The remainder (34) are classified in regular clerical positions such as Accountants, Cashier, Clerk, etc.

Job Classifications in Puerto Rico are the same as those on the Mainland, although there are no employees below Ranking Group 15 or above Ranking Group 7. Most employees (138) fall within Ranking Groups 10 to 7.

Puerto Rican rates, under the present Agreement, are lower than stateside rates for the same classifications. Differentials range from 27 cents to 5 cents; for Ranking Groups 10 to 7 they are:

Ranking Group:	Differential at	
	Min.	Max.
	Cents	Cents
10-----	24	23
9-----	17	17
8-----	14	14
7-----	5	5

The BRC believes that all differentials should be eliminated since (1) there are no differences in work performed; (2) PAA and Eastern Air Lines, its principal competitor for Puerto Rican business, both pay stateside rates to mechanics; (3) Northwest Airlines pays stateside rates to mechanics employed "outside the continental limits of the United States"; (4) in its last negotiations with BRC, the Carrier recognized the inequity but corrected it only partially.

The Carrier believes no reduction in Puerto Rican differentials is justified. It argues:

1. Under its Agreement with the International Brotherhood of Teamsters a differential for Service Supply Clerks is maintained, ranging between 36½ cents and 89½ cents.

2. Other employers with stateside and Puerto Rican establishments maintain different wage rates for similar work, including Hilton Hotels and First National City Bank.

3. N.Y. Telephone Co. and San Juan Telephone Co., both unionized, pay different rates for typists and PBX operators.

4. PAA's Puerto Rican rates are higher than rates for employees in similar positions represented by BRC on the island at Caribbean Atlantic Airlines, and at International Air Services.

5. PAA's Puerto Rican rates are higher than rates for employees in similar positions on the island at Waterman Steamship Co., Parke-Davis, and International General Electric.

6. Some Puerto Rican employees of Pan American actually receive more yearly "take home" pay than their stateside equivalents, due to the higher U.S. income tax.

The Board is not convinced, on the basis of the evidence presented, that the BRC's demand should be granted in full at this time. It is clear that differential rates exist in PAA contracts with both Teamsters and Transport Workers Unions. Moreover, the general level of Puerto Rican rates for positions such as those involved in this case is still lower than that on the mainland.

On the other hand, there is ample precedent for gradually reducing the differential. In 1958 PAA granted BRC employees in Puerto Rico 8½ cents more in increases than to stateside employees; in a prior contract with BRC, the differential was narrowed by 3 cents.

There is also some precedent for granting stateside rates to employees in *some* classifications on both PAA and Eastern.

#### *Recommendation*

Under all these circumstances, it is the Board's recommendation that, effective July 1, 1960, (1) 8 cents be added to the hourly rates of classifications in Puerto Rico where rates are 8 cents or more below stateside rates, (2) 5 cents be added to the rates of those (Group 7) positions with rates 5 cents below stateside; (3) all incumbents be granted an 8 cent (5 cents for Group 7) across-the-board increase in addition to the general increase recommended elsewhere in this report.

(It may be noted here that another Board recommendation will benefit Puerto Rican employees in Ranking Groups 15 to 13, by raising them to Group 12.)

*Reclassifications.* While not mentioned specifically in the BRC's original demands, nor contained in its list of proposals presented to this Board, a number of suggested reclassifications have been discussed by the parties during direct negotiations. The Board was made aware of them through testimony at the hearings and informal discussions thereafter. As a matter of fact one issue—the proposed consolidation of Ranking Groups 16 and 15 with Group 14—was part of the Carrier's settlement proposal at the hearing.

These BRC proposals, in our judgement, may be divided into two groups: (1) Those reclassifications or consolidations on which the parties were close to agreement or which represent what the Board believes to be equitable readjustments; (2) Those reclassifications or consolidations on which no approach to a meeting of minds was evident and on which the Board has insufficient information or time to render specific recommendations.

#### *Recommendation*

With respect to classifications in the first group, it is our finding and recommendation that the following changes be instituted effective July 1, 1960:

1. Consolidate Ranking Groups 16, 15, 14, and 13 with Ranking Group 12, regardless of location. Incumbents who, on July 1, 1960, are below the minimum of Ranking Group 12, shall be raised to that minimum, retaining their present anniversary dates. Incumbents who are above the minimum of Group 12 shall henceforth receive

appropriate Group 12 increment increases in accordance with their present anniversary dates.

2. Reclassify the positions of Traffic Representative III and Sales Agent III from Ranking Group 11 to Ranking Group 9, regardless of location. Incumbents who, on July 1, 1960, are below the minimum of Group 9, shall be raised to that minimum, retaining their present anniversary dates. Incumbents who are above the minimum of Group 9 shall henceforth receive appropriate Group 9 increment increases in accordance with their present anniversary dates.

It may be noted, incidentally, that about 600 Group 11 employees will be affected by these recommendations and about 425 employees in Groups 16 through 13. A substantial number will receive immediate wage readjustments; they and others will benefit in years ahead by the extension of their "horizons". The minimum rate for the lowest BRC covered classification will be increased 24 cents (aside from across-the-board increases to be made part of the Agreement); the maximum of the lowest classification will be raised 30 cents (not counting across-the-board increases).

3. Reclassify Rawinsonde Operator/Weather Observer or similar Job Classification (Appendix D of the Agreement), regardless of location, from Ranking Group 5 to a new Ranking Group to be known as 5(a). The rates of Group 5(a) shall be 15 cents higher than those of Group 5. The method of readjusting incumbent's rates shall be the same as that described above.

4. Reclassify the following positions, regardless of location, using the same method already described :

<i>Position</i>	<i>From ranking group</i>	<i>To ranking group</i>
Airport space and load control clerk-----	8	5
Senior material controlman-----	6	5
Material controlman-----	8	7
Equipment controller-----	8	7
Senior operations coordinating clerk-----	7	5
Identification assistant-----	8	7

With respect to the second group, the Board notes that the parties, in mediation, at the hearing and in direct bargaining, touched on the possibility of reclassifying the jobs listed below (although no agreement was reached).

We are not sufficiently well informed from the record to evaluate each classification individually, though they contain relatively few employees. We therefore, remand to the parties this group of BRC requests for disposition in direct negotiation.



<i>Position</i>	<i>Ranking group</i>	<i>BRC's proposed ranking group</i>
Console operator or tabulating group supervisor assigned as console operator.....	5	5(a)
Traffic supervisor VI.....	6	5
Teletype operator.....	12	11
Lead teletype operator.....	9	8
Telephone operator.....	12	11
Senior supply clerk.....	11	9
Supply clerk.....	13	11
Key punch operators assigned as lead key punch operators.....	10 and 8	6

## CONCLUSION AND SUMMARY OF RECOMMENDATIONS

The Board would like to express its appreciation to the officers and representatives of the parties for their cooperation and assistance. Presentation of testimony and evidence was handled with the utmost ability and dispatch. Extended hours of informal discussions were marked by a noteworthy display of patience and willingness to consider alternative courses of action.

It is this demonstration of a mutual desire to obtain an acceptable and speedy settlement which encourages the Board to believe that, within the thirty days following its report, a satisfactory resolution of all open issues will be achieved. We sincerely hope, moreover, that the Recommendations, summarized herewith, will form a firm basis for agreement on the terms of a new contract.

## SUMMARY OF RECOMMENDATIONS

### I. *Wages and Duration of Agreement*

Alternative Recommendations for either

(1) A 2-year agreement, extending from January 1, 1960 through December 31, 1961, providing across-the-board wage increases of 11 cents an hour on January 1, 1960 and 10 cents an hour on January 1, 1961; or

(2) A 3-year agreement, extending from January 1, 1960 through December 31, 1962, providing across-the-board wage increases of 12 cents an hour on January 1, 1960, 8 cents an hour on January 1, 1961 and 11 cents an hour on January 1, 1962.

### II. *Longevity*

Provide in the new agreement, effective July 1, 1960, that employees shall receive 1 cent per hour per year longevity pay after completion of 3 years of service to a maximum of 10 cents per hour.

### III. *Shift Differential*

- (1) Eliminate article 3N from the present agreement;
- (2) Revise existing shift differential clauses, in the detailed manner set forth above, so as to provide, effective July 1, 1960:
  - (a) a 7 cents per hour differential for afternoon shift work,
  - (b) a 17 cents per hour differential for night shift work,
  - (c) a 14 cents per hour rotating shift differential for those rotating through two shifts and 17 cents for three shifts;
- (3) Redefine the afternoon shift to cover assignments starting between noon and 5 p.m., and the night shift to cover assignments starting between 5 p.m. and 6 a.m.

### IV. *Puerto Rican Rates*

- (1) Effective July 1, 1960, add 8 cents to the hourly rates of classifications in Puerto Rico whose rates are now 8 cents or more below stateside rates;
- (2) Effective July 1, 1960, add 5 cents to the hourly rates of classifications 5 cents below stateside rates;
- (3) Effective July 1, 1960, provide across-the-board increases of 8 cents to incumbents below Group 7 and 5 cents to those in Group 7.

### V. *Reclassifications*

- (1) Effective July 1, 1960, consolidate Ranking Groups 16, 15, 14 and 13 with Ranking Group 12 in the manner prescribed above.
- (2) Effective July 1, 1960, reclassify the following positions, in the manner prescribed:

<i>Position</i>	<i>From</i>	<i>To</i>
Traffic representative III and sales agent III.....	11	9
Rawinsonde operator/weather observer.....	5	5(a)
Airport space and load control clerk.....	8	5
Senior material controlman.....	6	5
Material controlman.....	8	7
Equipment controller.....	8	7
Senior operation coordinating clerk.....	7	5
Identification assistant.....	8	7

- (3) Resolve, through direct negotiation, the outstanding disputes concerning these BRC reclassification requests:

Console Operator or Tabulating Group	Lead Teletype Operator
Supervisor Assigned as Console Operator	Telephone Operator
Traffic Supervisor VI	Sr. Supply Clerk
Teletype Operator	Supply Clerk
	Key Punch Operators Assigned as Lead Key Punch Operators

## VI. *Revision of Job Manual*

Empower the Joint Committee established during negotiations to complete its assigned task of revising the Manual to more accurately describe covered positions.

## VII. *Rules*

Incorporate in the new Agreement, effective with the date of execution, the Rules changes set forth in the December 4, 1959 "Memorandum of Agreement."

Finally, the Board recommends withdrawal of all other requests by BRC and the Carrier, covering both Rules changes and matters of direct or indirect compensation.

Respectfully submitted.

PAUL N. GUTHRIE, *Chairman.*

ARTHUR STARK, *Member.*

SAUL WALLEN, *Member.*

WASHINGTON, D.C.

*June 2, 1960.*

