

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

**APPOINTED BY EXECUTIVE ORDER NO. 11,008, DATED  
MARCH 3, 1962, PURSUANT TO SECTION 10 OF  
THE RAILWAY LABOR ACT, AS AMENDED**

---

**To investigate a dispute between Akron and Barberton Belt  
Railroad and other Carriers represented by Eastern, Western  
and Southeastern Carriers' Conference Committees and  
certain employees represented by Eleven Cooperating Rail-  
way Labor Organizations**

---

**WASHINGTON, D.C.**  
**May 3, 1962**

**(National Mediation Board Case No. A-6627)**  
**Emergency Board No. 145**

## LETTER OF TRANSMITTAL

MAY 3, 1962.

THE PRESIDENT,

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

SIR: The Emergency Board appointed under your Executive Order No. 11008, dated March 3, 1962, pursuant to section 10 of the Railway Labor Act, as amended, to investigate disputes between certain railroads represented by the Eastern, Western and Southeastern Carriers' Conference Committees and certain of their employes represented by the cooperating (nonoperating) railway labor organizations, has the honor to submit herewith its report and recommendations based upon its investigation of the issues in dispute.

Respectfully,

LAURENCE E. SEIBEL, *Member.*

EDWARD A. LYNCH, *Member.*

SAUL WALLEN, *Chairman.*

## INTRODUCTION

The parties before this Board are 11 cooperating railway labor organizations representing 73 (I.C.C.) classes of nonoperating employees, totaling a half million persons, employed by 212 line-haul railroads and certain terminal and switching companies represented by the Eastern, Western and Southeastern Carriers' Conference Committees.<sup>1</sup>

These class I line-haul railroads operate 96 percent of the total miles of road operated by all line-haul railroads in the United States; employ 93 percent of all railroad workers and own 95 percent of the total investment of railroad property in the United States. The railway operating revenues of the class I line-haul Carriers also represent 96 percent of the total operating revenues of the railroad industry.<sup>2</sup>

## ORIGIN OF THE DISPUTE

The several organizations before the Board, on September 1, 1961, served upon the Carriers a "Section 6 Notice" giving the customary 30-day notice under the Railway Labor Act, as amended, of their desire to revise and supplement all existing agreements, effective November 1, 1961, in two respects:<sup>3</sup>

1. All existing rates of pay be increased on that date by 25 cents per hour; and
2. Six months' advance notice be required to the employees affected in the event of any reduction in forces or the abolition of positions, except in certain emergency situations.

The Carriers' response to these proposals was a series of counter-proposals which would:<sup>4</sup>

1. Reduce by 20 percent the rates of pay for some 39 groups of middle and lower-range employees in 6 craft groupings.
2. Establish entry rates for seven groups of employees in two crafts at 80 percent of existing rates, with increases of 4 percent of the established rate per year until the established rate is reached.
3. Establish a flat \$1.25 hourly rate for dining car waiters and other employees serving food or drinks.
4. Eliminate all rules or provisions which require more than 24 hours' advance notice prior to abolition of positions or reduction of forces.

<sup>1</sup> The names of the carriers and the organizations are listed in the Appendix.

<sup>2</sup> Carriers' Exhibit 2, p. 3.

<sup>3</sup> Transcript, p. 30.

<sup>4</sup> Carriers' Exhibit No. 1, Appendix pp. 4, 5, 6.

The Organizations, by letter dated September 21, 1961,<sup>5</sup> invited the Carriers to meet on the issues. The Carriers replied on October 5, 1961, that they would consider the matter later. Five days later, the Organizations invoked mediation.

The parties, after a strike vote had been taken, met in <sup>6</sup> Washington, D.C., January 10, 1962, in what was or should have been intended as an effort to negotiate or otherwise settle the issues confronting them.

It should be noted, and noted well, that the principals involved in this matter, which is a labor dispute of the greatest magnitude and importance to the Nation, conferred with each other but four times <sup>7</sup> in as many days.

The Organizations declined the National Mediation Board's proffer of arbitration; <sup>8</sup> the Carriers, after the case had been closed out, advised the National Mediation Board they were agreeable to arbitration, providing a proper arbitration agreement could be reached. The certification of this dispute to the President and the appointment of this Board then followed.

The board convened in Chicago, Ill., on March 6, 1962, to hear the positions and arguments of the parties. Hearings were held there and in Washington, D.C. on a total of 15 days. The transcript of these hearings consists of 2,649 pages and the Board received 24 exhibits from the Organizations and 26 from the Carriers, as well as data supplied by the parties at the Board's request.

In addition, the Board met with representatives of the parties in many sessions in Chicago and Washington in an effort to mediate the issues which separated them. Our efforts in this regard were unavailing. The will to agree was not present.

### SUMMARY OF RECOMMENDATIONS

The Board recommends that:

1. All rates of pay existing on November 1, 1961, be increased by four (4) cents per hour effective February 1, 1962.
2. All rates of pay existing on May 1, 1962, be increased by two and one-half (2½) percent effective May 1, 1962.
3. The parties refrain from filing section 6 notices seeking revisions in rates of pay until May 1, 1963.
4. The parties negotiate a rule requiring not less than five (5) working days' advance notice to regularly assigned employees (not including casual employees or employees who are substituting for regularly assigned employees) whose positions are to be abolished before reduc-

<sup>5</sup> Transcript, p. 142.

<sup>6</sup> Transcript, p. 143.

<sup>7</sup> Transcript, p. 143.

<sup>8</sup> Transcript, p. 144.

tions in force are to be made, except as provided in article VI of the agreement of August 21, 1954. Any rules presently in effect more favorable to the employes should be continued.

5. The parties establish a tripartite committee to study and report by July 1, 1963, with respect to the feasibility of a job evaluation program for nonoperating railroad jobs together with proper safeguards to ensure that incumbents of such jobs will not be prejudiced by the installation of a job evaluation program.

6. All other proposals advanced by the parties be withdrawn.

### **THE FRAMEWORK OF THIS DISPUTE**

Our mandate under section 10 of the Railway Labor Act is "to investigate promptly the facts as to the dispute and make a report thereon to the President. \* \* \*" To be fully understood, the particular dispute before us must be placed in a frame of reference. It must be seen in relation to the broader problems facing the railroad industry; to the current state of collective bargaining between these parties; and to the parties' joint interest in the enactment of a national transportation policy on the model of the President's message to the Congress of April 5, 1962, on the Nation's transportation problems. Also it must be appraised in the light of the obligation that devolves on all labor and management, but is especially present in industries affected by a public interest, to conduct their collective bargaining and pricing policies with due regard for that combination of progress and stability which is so vital to the American economy.

The railroad industry has undergone vital and profound changes in the past 15 years of which the public is scarcely aware. The extent and degree of technological change has been phenomenal. Diesel power, centralized traffic control, mechanized equipment for maintenance of way, improved freight cars, improved switching and communications devices, and many other technological advances have made railroading a vastly different industry than it was in the 1920's and 1930's.

But this great infusion of improved technology has not returned commensurate benefits to either railroad investors (with some notable exceptions) or railroad employes. The railroads have failed to hold their prior level of penetration of the transportation market. For nonoperating railroad workers the new technology has meant a loss of 56 percent of the jobs that they held in 1945 (a record equaled by few other industries in the economy) and has caused a loss of careers and even livelihoods to hundreds of thousands of able American workers. The railway labor organizations have seen their ranks decimated by forces they were unable to grapple with.

We have not reached the end of these changes. Technology continues to advance. Many railroads have not yet adopted technological changes which others have shown to be successful. New technical developments are in the making.

So far, collective bargaining has not responded to these challenges with sufficient vigor or imagination to cope with the problems that loom over the industry and its labor relations. Collective bargaining has functioned in the sequence of challenge and response; and the response has at times been long delayed. It has not anticipated in a time when anticipation is necessary to cope with problems which become even more difficult to resolve once their full impact is felt.

Two case histories illustrates the point. The first deals with employe protection. In 1936 the railroads and the railway labor organizations negotiated the Washington Job Protection Agreement to cope with the human problems arising out of railroad mergers or consolidations. Over the years these arrangements were updated or improved in individual instances of coordinations.

But during all of this period, the displacement of workers on single railroads by improvements in technology or work methods has gone on apace. The problem these workers confronted were equally real and the moral responsibility for coping with them was equally plain. Yet in a period when employment was cut by 56 percent, no plan was worked out (except on a piecemeal basis on individual roads for individual crafts) to deal with this real and pressing problem. No sustained effort was made, so far as we know, to explore the possibility of extending the employe protection principles established by the Washington Job Protection Agreement of 1936 to job abolitions arising out of technological or organizational changes until it was undertaken in the course of this proceeding. It is unfortunate that a confluence of circumstances prevented agreement on the adoption of these principles or some variant thereof. But it is highly significant that this problem was not seriously dealt with up to now on an industry basis.

This case history is not recited to highlight a lack of initiative on the part of the Organizations. It is intended to underline a lack of response or concern, speaking broadly, on the part of the Carriers. For it appears that they were not greatly concerned (except in particular cases where there was a commingling of immediate interests) until one of their number entered into an arrangement tantamount to a job freeze and thereby created a possible precedent more drastic than the Carriers believe justice requires.

The second case history deals with the nonoperating employes' wage structure. The wage structure is compressed; the differentials between skilled and unskilled are insufficient. The lower paid jobs

crowd the upper paid jobs to the point that incentive to progress is diminished and pride in status is deflated. Many unions in other industries organized on an industrial basis have coped with this problem by rationalizing wage structures through job evaluation techniques, with appropriate safeguards for the wage standards of incumbents, or by negotiating special wage adjustments for the skilled. Not so here. Up to now, as noted in the reports of Emergency Board 130, *both* parties agreed on the desirability of flat cents-per-hour increases, regardless of the resultant compression of differentials and lag in the wages of skilled craftsmen. In this case, we propose to arrest this trend and to commend to the parties a means of dealing with it on a fundamental basis.

It is not without significance that the parties to this dispute spent only 4 days in face-to-face discussions on the issues before breaking off and invoking the procedures of the Railway Labor Act. It bespeaks a traditional failure to meet problems until they become acute and an unwillingness to grapple with them at that time without invoking the aid of outsiders. Symptomatic thereof is the almost complete breakdown of the grievance adjustment machinery of the Railway Labor Act. While this is not one of the problems directly before us, it is known to all and its solution requires that those who are so charged meet their responsibilities as the Congress intended.

For the good of the parties, for the good of collective bargaining which is so basic to the values of our democratic society, for the good of the industry and of the employees who work in it, this trend must be reversed. The parties would do well to consider the creation of bipartite or tripartite councils to discuss problems affecting the industry or the employees, or both, well in advance of their acute stages. These councils need not necessarily recommend solutions; if they merely block out the problems and pinpoint the competing interests, they may impel men of understanding on both sides to cope with them sufficiently in advance to anticipate solutions and forestall crises.

The fact is that the parties' interests are identical to a greater degree than they are antagonistic. That identity of interest is very nearly complete in the matter of a national transportation policy. The President's message of April 5, 1962, presents a platform on which these parties can untie for their mutual benefit and, equally important, for the good of the Nation whose interest in a strong, prosperous, well-paying transportation system is so great. The prompt and orderly settlement of this dispute short of the crisis stage would demonstrate to the President, to the Congress and the American people that these parties are mindful of the long-range interests of both their industry and the Nation. It may well create a climate that will facilitate the

enactment of a program so vital to them. Certainly, their failure to deal promptly and peaceably with the recommendations in this report can create the opposite effect.

Finally, this case is necessarily and inevitably conditioned by the Administration's efforts to induce private collective bargainers to recognize not only their own and each others' needs and interests but also those of the American people as a whole. Our recommendations have been drawn up not only in the hope that they will result in a settlement of this dispute. They have been formulated also in terms of a settlement calculated to balance the interests of the industry, its employees and the American public whose stake in noninflationary, but not necessarily stationary, wage and price behavior both commingles with and transcends the immediate interests of these disputants.

It is against this background that we have approached the concrete problems here in issue. It is our hope that both parties will approach our recommendations with a predominant will to serve the public interest as well as their own.

### **THE CARRIERS' WAGE REDUCTION AND ENTERING-RATES-OF-PAY PROPOSALS**

The increases in wage rates received by railroad nonoperating employes were of two kinds: (1) industrywide increases, usually provided in national agreements, and (2) local and individual increases, including system increases in rates of pay of a particular craft or crafts. With respect to the latter, there are no precise data available as to their size, extent, or significance, and they will not be discussed further.

With respect to industry increases, since 1937 all wage adjustments received by nonoperating employes have been uniform across the board increases in hourly rates, except for increases effective in September 1948. These across-the-board wage adjustments have compressed the wage structure of all classes and crafts of nonoperating employes. In addition, certain minimum or substandard wage rates were adjusted under the Fair Labor Standards Act (1938) and by the War Labor Board (1943).

Although the degree of wage compression varies considerably as between different classes of employes, it is clear from the record that percentage differentials in wage rates between skilled and unskilled employes in the railroad industry are now only about one-third to one-fourth as large as they were in 1936. Measured differently, the percentage differential between the wage rates of skilled and unskilled employes in outside industry is now approximately 30 to 40 percent;



in the railroad industry this percentage differential has been compressed to about 20 percent.

The Carriers maintain, essentially, that the "excessively large" wage increases received by the unskilled and semiskilled nonoperating employes during the last 25 years—because of the industry pattern of uniform, across the board, increases in wage rates—in addition to their effect on the general level of wages and its rate of increase, also have served to compress the wage structure of the nonoperating employes in the industry and to create intercraft and interclass wage inequities. They propose to alleviate this compression and to correct these inequities by their wage reduction and entering-rates-of-pay proposals.

In summary, the Carriers maintain that the wage rates of employes covered by their wage reduction proposal exceed those in outside industry performing similar kinds of work by 10 cents to 70 cents per hour, depending on the class or craft involved; that the wages rates of employes serving food and drink in the railroad industry exceed those in outside industry performing similar kinds of work to the extent of \$1 to \$1.90 per hour; and that the wage rates of employes covered by the Carriers' entering-rates-of-pay proposal substantially exceed those in outside industry performing similar kinds of work. Approximately 190,000 to 200,000 employes would be affected if these proposals were adopted.

The Organizations, on the other hand, maintain that the wage rates of skilled jobs in the railroad industry are substantially below those in outside industry for similar kinds of work. As illustrative of its general contention, the Organizations compared<sup>9</sup> the wage rate for machinist and helper jobs in various standard industrial classifications in various companies with those on the railroads. The rates in outside industry for these classifications were substantially higher. Therefore, intercraft and interclass inequities and wage compression cannot be alleviated by wage cuts, the Organizations assert.

The Carriers have not established to our satisfaction that the wage rates of the nonoperating railroad jobs involved in their proposals have been compared to jobs in outside industry *in fact* performing similar kinds of work under similar conditions. It may well be true that some semiskilled and unskilled jobs on the railroads are overpaid in relation to those in outside industry performing similar kinds of work under similar conditions; it may be equally true that some skilled jobs on the railroads are underpaid in relation to those in outside industry requiring comparable levels of skill. We do not believe

---

<sup>9</sup> Organizations' Exhibit No. 24.

that the Carriers' proposals, directed solely at broadbrush wage reductions, are seriously put forth for the purposes stated.

The very limited review we have made of the wage rates of the nonoperating jobs in the railroad industry raises the question whether there exists any rational relationship among the rates assigned to different nonoperating jobs and whether there exists any rational relationship between wage rates of nonoperating jobs and those of a substantially similar nature in outside industry.

As a means of dealing fundamentally with the problems of interclass and intercraft inequities and with wage rate compression, we believe that the nonoperating wage structure must be rationalized by means of job evaluation.

### **Recommendation**

1. We recommend that Carriers' Proposal Numbers 1, 2, and 3 be withdrawn.

2. We recommend that a tripartite committee be established to study and report to the parties by July 1, 1963, with respect to the feasibility of a job evaluation program for nonoperating railroad jobs together with proper safeguards to ensure that incumbents of such jobs will not be prejudiced by the installation of a job evaluation program.

### **THE ORGANIZATIONS' WAGE INCREASE PROPOSAL**

The Organizations' 30-day notice under the Railway Labor Act requested that all existing agreements be revised and supplemented as of November 1, 1961, as follows:

1. All existing rates of pay shall be increased by the addition to the rates existing on November 1, 1961, of twenty-five (25) cents per hour, this increase to be applied to all types of rates so as to give effect to the requested increase of twenty-five (25) cents per hour.

Spokesmen for the Organizations contended that this increase was necessary not only to restore the wages of nonoperating railroad employes to their rightful level among the industries most vital to the Nation's economy but also to contribute to the stream of purchasing power which sustains a high level of economic activity and which is the basis for economic growth.

The Carriers, in opposing the request, adverted to several standards by which the wage progress of these employes had traditionally been measured, and maintained that they reveal no basis for granting the Organizations' request in whole or in part.

It is to be expected that the parties to a wage dispute will hold sharply divergent views about the appropriate standards for wage

determination. We have analyzed the standards advanced by the parties as well as others that seem to us also to merit consideration. Our analysis is set forth below.

### **The selected industries standard**

The Organizations are of the opinion that their wage progress should be measured against that achieved by employes in selected industries which are organized and bargain on a national basis or substantially so; which have about the same proportion of skilled workers to semiskilled and unskilled as do the railroads; which do not employ females to a degree in excess of the railroads and which generally are located in the North and West rather than in the South. They presented data comparing changes in average straight-time hourly earnings in 16 selected industries with changes in the earnings of nonoperating railway employes. The 16 were blast furnaces and basic steel products; railroad equipment; motor vehicles and equipment; metal cans; petroleum refining; shipbuilding and repairing; aircraft and parts; primary smelting and refining of copper; primary refining of aluminum; rolling, drawing and alloying of aluminum; agricultural machinery and tractors; glass and glassware, pressed or blown; tires and inner tubes; meat packing; and electrical appliances.<sup>10</sup>

We are unable to accept as valid the Organizations' thesis that wage progress in these industries should be the touchstone for wage decisions for railroad employes. Most of the industries selected are in stages of economic growth or maturity vastly different from the railroads. Some are still "growth industries"; others are stabilized at high levels of production and profitability. Few have experienced as a great reduction in their degree of market penetration as have the railroads which have seen so large a share of their potential customers shift to competing forms of transport. Few, if any, of the industries listed have as high a ratio of labor costs to total costs as do the railroads. Furthermore, there was no evidence that these parties themselves utilized this standard for wage comparison in direct negotiations and previous emergency boards have not adopted it, though urged to do so.

### **The standard of comparison with wages of production workers in all manufacturing or durable goods**

The parties in the past have made comparisons of, and have asked emergency boards to compare, the wage progress of nonoperating railroad workers over extended periods of time with the wage progress

---

<sup>10</sup> Employes' Exhibit 7, p. 15.

of production workers in all manufacturing or in the durable goods industries. According to the season, one party or the other has urged, as the Carriers do in this case, that "the earnings of railroad nonoperating employes should be kept in line with those that prevail generally throughout the American economy."<sup>11</sup> The Carriers consider the Bureau of Labor Statistics Hours and Earnings Series, which covers nearly 11 million workers in 41,000 manufacturing establishments, or 66 percent of the total number employed in manufacturing, to be the most reliable available series to be used for this purpose.

In past wage negotiations the Organizations have also sought application of this general standard while contending that a more realistic comparison of wage progress is derived by reference to the earnings of production workers in the durable goods industries.

The parties have never fully resolved their differences over the suitability of these sometimes divergent series. The standards by which prior directly negotiated settlements were achieved were never fully explained by the parties to others. However, it is reasonable to assume that changes in earnings levels of production workers in all manufacturing and in durable goods must have been considered. Prior emergency boards have never expressed clear-cut opinions on the suitability of these several series, mainly because the wage adjustments they recommended were found to be justified on other grounds.

We believe that changes in the level of earnings of production workers in all manufacturing or in durable goods constitute one factor to be weighed along with others in determining whether and to what extent a wage increase is justified. The parties, by direct bargaining with or without the aid of emergency boards, have in recent years established a relationship between railroad nonoperating wages and wages of production workers in all manufacturing as well as those in the durable goods sector of the economy. If those relationships have been changed by virtue of changes in earnings levels in outside industry, this is a fact to be considered in weighing the equities of a wage proposal.

#### ***a. The appropriate base dates for wage progress comparisons***

A comparison of nonoperating railroad employes' wage progress with that of production workers in outside industry inevitably involves a choice between alternative base dates from which to begin such comparisons.

The Organizations and the Carriers have both sought to begin their comparisons with all manufacturing or durable goods by reference

<sup>11</sup> Transcript, p. 81.

to wage changes in the railroad industry and in outside industry since the early twenties. We find these base dates to be of no help. We agree with the finding of Emergency Board No. 130 "that relatively little significance can be attached to wage comparisons prior to 1950, both because of changes in the railroad industry and changes in outside industry generally."

The fact that the railroads were on a 48-hour week prior to 1949 while outside industry was only 40-hour standard since the mid-thirties makes comparisons beginning with the years prior to 1950 of dubious value. Equally important is the fact that the railroad industry has changed greatly since 1949. Diesel power has replaced steam power and the size and life span of equipment has increased. Enormous improvements in technology have taken place, ranging from centralized traffic control to computer techniques in accounting and data processing, improved methods and equipment in the shops, and the substitution of machinery for hand power in maintenance-of-way operations.

These factors have affected railroad operations and railroad jobs so drastically that wage comparisons with the years prior to 1950 have lost their value. Outside industry has also undergone drastic changes since that date though it is to be doubted whether their impact, averaged over all manufacturing industries, has been as great as on the railroads. For these reasons, we regard the post-1949 period as meaningful for the purpose of comparing wage progress of railroad nonoperating employees with that of workers in outside industry.

#### ***b. Bias in earnings data due to changes in the employment mix***

Wage progress comparisons between railroad nonoperating employees and employees in outside industry inevitably center around data on straight-time hourly earnings. From 1950 to 1961, railroad nonoperating straight-time hourly earnings increased from \$1.48 to \$2.48 per hour. But the Organizations contend that this increase is more apparent than real. They assert that due to a change in the employment mix since 1950, the \$2.48 figure for 1961 is overstated.

In this matter the Organizations are essentially correct. There has been a drastic decline in railroad employment during recent years. These layoffs and job abolitions affected the lower-skilled, lower-paid workers and had the effect of increasing the proportion of high-paid employees to the total. Hence, the 1961 average straight-time hourly earnings figure reflected the elimination of the lower-paid people from the work force in addition to the upward movement of wage rates since 1950.

To cure this upward bias in earnings not associated with changes in wage rates, the Organizations developed adjusted straight time hourly earnings of railroad nonoperating employees by applying the 1950 employment distribution to the straight-time hours worked in each of the 73 reporting divisions in various periods from September 1949 to December 1960 and recomputing average straight-time hourly earnings on this basis.<sup>12</sup> This technique revealed that the increase in average straight-time hourly earnings as computed from ICC statements M-300 between September 1949 and December 1960 was \$0.978 but that the increase would have been only \$0.917 had the 1950 employment mix been used as a constant. In other words, 6 cents of the apparent increase in nonoperating railroad workers' earnings over that period resulted solely from the fact that a greater proportion of lower-paid people than higher ones were laid off.

Of course, a similar bias may exist to some degree in the data for outside industry. The Carriers were quick to point out<sup>13</sup> that the Bureau of Labor Statistics lists 13 factors influencing its measure of wage changes. These include change in liberality of bases for incentive pay; individual wage adjustments for merit and the like; "incentive creep"; increases in output of incentive workers; changes in the composition of the labor force; and others. While it is impossible statistically to measure all of these biases, experience suggests that some are counter-balancing and that on the whole the change in the "consist" of railroad employment exceeded that of all manufacturing or durable goods employment in this span of years.

### *c. Wage progress measured from the 1950 base*

A comparison of railroad nonoperating employees' earnings adjusted for changes in the employment mix with all manufacturing and durable goods workers' earnings since 1950 reveal the following:

<i>Average straight-time hourly earnings</i>			
	<i>All manufacturing</i>	<i>Durable goods</i>	<i>Nonoperating employees</i>
1950 -----	\$1.39	\$1.46	<sup>1</sup> \$1.48
1961 -----	2.28	2.43	<sup>2</sup> 2.42
Increase -----	.89	.97	.94

<sup>1</sup> September 1949.

<sup>2</sup> Adjusted.

These data reveal no lag in the wage progress of nonoperating railroad employees since 1950 when compared to employees in all manufacturing. Railroad nonoperating employees lag somewhat behind the wage progress made by durable goods workers in this period. How-

<sup>12</sup> Employees' Exhibit 5, p. 2.

<sup>13</sup> Carriers' Exhibit 1, p. 14.

ever, the wage progress of railroad nonoperating workers was measured by the use of adjusted figures while that of the durable goods workers was derived from unadjusted figures. We surmise that if both were adjusted, the difference, if any, would be slight.<sup>14</sup>

**d. Wage progress measured from the 1951-52 base**

In February 1951, the parties negotiated a 12.5-cent-per-hour wage increase and their wage rates remained unchanged, except for cost-of-living escalation, until the Guthrie award of December 1, 1952. This period of nearly 2 years can reasonably be regarded as a stable base reflecting wage parity established by the parties by dint of their own direct bargaining. How have the employees here involved fared since that date in comparison with the employees in outside industry?

Straight-time average hourly earnings of the railroad group for the two-year period 1951-52 was \$1.69. This figure should probably be decreased somewhat to offset the change in employment mix since 1950. For all manufacturing the two-year average was \$1.55; for durable goods it was \$1.635.

Again comparing wage progress until 1961, we find:

	<i>All manufacturing</i>	<i>Durable goods</i>	<i>Nonoperating employees</i>
1951-52 average-----	\$1.55	\$1.635	<sup>1</sup> \$1.685
1961-----	2.28	2.430	<sup>2</sup> 2.420
Difference -----	.73	.795	.735

<sup>1</sup> September 1949.

<sup>2</sup> Adjusted.

No long-term difference in the wage progress of railroad nonoperating employees is revealed by comparing their wage progress from this base with employees in all manufacturing. If one compares it with durable goods workers, an imbalance of about 6 cents per hour appears to have developed between 1951-52 and 1961.

**e. Wage progress measured from the 1956 base**

On December 1, 1955, the parties settled for a 14.5-cents-per-hour increase pursuant to the recommendation of Emergency Board No. 114. In 1956, nonoperating employees' earnings stood at a straight-time average of \$1.97. Based on the 1950 employment mix, this figure should be adjusted to approximately \$1,926.<sup>15</sup> In the same year all manufacturing earnings stood at \$1.89 and durable goods at \$2.01. Comparative wage progress from this base is shown by the following:

<sup>14</sup> If the 5.86-cents health and welfare wage equivalent of March 1, 1961, were to be credited as a wage increase, this difference would be more than offset.

<sup>15</sup> Employees' Exhibit 5, p. 3.

	<i>All manufacturing</i>	<i>Durable goods</i>	<i>Nonoperating employees</i>
1956-----	\$1. 89	\$2. 01	<sup>1</sup> \$1. 926
1961-----	2. 28	2. 43	<sup>1</sup> 2. 42
Difference-----	. 39	. 42	. 47

<sup>1</sup> Adjusted.

Here, again, no lag in wage progress is revealed.

**f. *Wage progress measured from the 1957-58 base***

On November 1, 1956, the parties, without resort to an emergency board report, concluded an agreement for increases of 10 cents, 7 cents, and 7 cents, a year apart. Thus, the 2-year period 1957-58 may be regarded as stabilized by the parties in free collective bargaining. How have nonoperating employees fared since that date in comparison with outside industry?

The following table shows straight-time average hourly earnings for the 2 years 1957-58 and compares wage progress of the nonoperating employees and employees in outside industry.

	<i>All manufacturing</i>	<i>Durable goods</i>	<i>Nonoperating employees</i>
1957-58 average -----	\$2. 02	\$2. 17	<sup>1</sup> \$2. 15
1961 -----	2. 28	2. 43	2. 42
Difference -----	. 26	. 26	. 27

<sup>1</sup> Adjusted.

On the basis of this measurement of wage progress, no disparity is evident between nonoperating employees and employees in outside industry.

**g. *Wage progress measured from the 1959 base***

The third instalment of 7 cents on the 1956 wage settlement occurred on November 1, 1958. Between 1959 and 1961, the wage progress of the nonoperating employees and employees in outside industry was as follows:

	<i>All manufacturing</i>	<i>Durable goods</i>	<i>Nonoperating employees</i>
1959 -----	\$2. 12	\$2. 28	<sup>1</sup> \$2. 32
1961 -----	2. 28	2. 43	2. 42
Difference -----	. 16	. 15	. 10

<sup>1</sup> Adjusted.

In this interval the wage progress of nonoperating employees apparently fell behind that of employees in outside industry by 5 cents or 6 cents per hour. If the March 1961 health and welfare wage equivalent is offset against this figure, the disparity disappears.



### **The standard of recent wage movements in industry generally**

Wage negotiators are always conscious in their bargaining of recent wage movements in industry generally. This is natural. Recent wage movements in industry generally reflect current wage progress of the Nation's work force, and this tends to create a climate which whets expectancies and conditions responses. Recent wage changes are neither infallible nor inflexible determinants in wage setting; the problems and prospects of the particular industry or enterprise must also be taken into account, as must its long-range wage history. Nonetheless, they provide a useful check on one's judgment as to the propriety or adequacy of a wage adjustment.

The last direct wage adjustment given nonoperating employees was on July 1, 1960, when they received a 5-cent wage increase pursuant to the recommendation of Emergency Board 130. In 1960, according to the B.L.S. Current Wage Development report for that year, the median wage adjustment in manufacturing (including the effect of contracts that left wage levels unchanged during the year) was 3.3 percent.<sup>16</sup> This represented an increase of about 7¼ cents in that year.

In the year 1961, from preliminary B.L.S. estimates and from figures published by the Bureau of National Affairs, it appears that the median settlement for manufacturing was about 7 cents per hour.<sup>17</sup>

However, in March 1961, the nonoperating employees received increased health and welfare benefits pursuant to a recommendation of Emergency Board No. 130 made "in lieu of a recommendation for a further general wage increase effective in early 1961"<sup>18</sup> and which was "regarded by the Board as wage equivalents".<sup>19</sup> These increased benefits cost the Carriers 5.86 cents per hour. Hence the 1961 wage equivalent substantially but not wholly offsets the average wage increase granted by industry generally in that year.

We have counted the 5.86-cent health and welfare benefit adjustment as a wage equivalent because Emergency Board 130 so labeled it and because the parties themselves appear to have treated it as wage money diverted for these purposes. It may be true that in outside industry adjustments were made in fringe benefits that were not reflected in the data on general wage increases supplied in the B.L.S. and Bureau of National Affairs reports. However, we cannot

<sup>16</sup> Employees' Exhibit 9, p. 201.

<sup>17</sup> Employees' Exhibit 10, pp. 239 and 243.

<sup>18</sup> Report of Emergency Board 130, p. 13.

<sup>19</sup> *Ibid.*, p. vii.

at this time determine whether or not fringes in outside industry have been improved in relation to railroads. We do know that, on the whole, the value of the fringe benefits enjoyed by railroad nonoperating employes exceeds that of employes in outside industry.

Thus, on the basis of these calculations, the nonoperating railroad workers' wage increase in 1960 lagged behind that of workers in manufacturing by about  $2\frac{1}{4}$  cents. In 1961, the lag was about  $1\frac{1}{4}$  cents, or a total of about 3.5 cents.

### **Changes in cost of living**

The wage imbalance problem may also be viewed from the point of view of the change in the cost of living since the last wage bargain was struck.

The last cash wage increase received by these employees was one of 5 cents on July 1, 1960. This increase has been eroded by the rise in the consumer price index from 126.6 in July 1960 to 128.6 in February 1962, or by about 1.6 percent. About 4 cents is necessary to restore the purchasing power of the July 1960 wage.

Summarizing, we see that there is no disparity apparent when we compare the wage progress of railroad nonoperating employes from 1950 to 1961 with that of production workers in manufacturing or durable goods, even if we discount railroad nonoperating employees' earnings for the change in the employment mix since 1950. Measured from the stable 1951-52 period as a base, no difference appears to have developed between the wage progress of nonoperating employes and production workers in all manufacturing. However, a comparison with durable goods shown a lag of about 6 cents per hour.

If the same measurement is made from 1956, no lag in the wage progress of railroad nonoperating employes is apparent. If we measure from the stable period 1957-58, no lag is found to exist. If we measure from 1959, a 6 cent lag is revealed.

A comparison of recent wage changes of railroad nonoperating employes and of employes in manufacturing reveals that manufacturing employes received about  $2\frac{1}{4}$  cents more than railroad nonoperating employes in 1960 and about  $1\frac{1}{4}$  cents more in 1961, indicating a total lag of about 3.5 cents.

From the viewpoint of changes in the cost of living since the railroad nonoperating employees' last cash wage increase, we find about 4 cents needed to restore purchasing power parity.

### **Financial position and prospects of the industry**

The Organizations contend that ability to pay should not be a factor in wage determination, especially where wages are substandard. This

contention would have merit if railroad wages were substandard in the sense that they were demonstrably below prevailing levels for similar skills or not sufficient to provide a minimum standard of health and decency. In that case it might be argued that the employer should be required to meet prevailing standards regardless of a claimed inability to pay.

But these are not the facts here. Average earnings of nonoperating railroad workers are not below those prevailing in industry generally. Their average of \$2.48 per hour in 1961 was in excess of the all-manufacturing average of \$2.23 and of the durable goods average of \$2.43. Their average annual earning of over \$5,400 in 1961 is not out of line with that of workers generally. Their fringe benefits are liberal.

In these circumstances we are constrained to temper the equities for a wage increase by a consideration of the railroad industry's financial position and future prospects over a period of years. It may be that wage determination should take little account of a single bad year in a series of prosperous ones. But where there is an endemic tendency toward low profitability, and a sizable segment of an industry operates for a sustained period at a loss, and where the prospects for short-run recovery are not wholly certain, these facts must be weighed in considering wage demands.

What are the facts about the industry's financial condition? There has been a persistent downward trend in nearly all the indices for the past 5 years.

Total operating revenues have shown a downward trend in every year but one since 1956, declining from \$10.5 billion in that year to \$9.1 billion in 1961.

Net railway operating income has declined each year from 1956 to 1961, falling from \$1 billion in 1956 to \$537 million in 1961.<sup>20</sup> In 1956 net railway operating income was 10 cents for each dollar of gross. In each year thereafter it fell until in 1961 the figure was 5.6 cents.<sup>21</sup> Net income declined each year from \$876 million in 1956 to \$366 million in 1961.<sup>22</sup>

The rate of return on net investment in 1956 was 3.95 percent. It fell consistently in each intervening year until 1961 when it stood at 1.97 percent.<sup>23</sup>

Competition from other forms of transport has increased. In the period 1956 to 1960 the share of railroads in intercity freight traffic has declined, as the following shows:

---

<sup>20</sup> Data supplied by the Carriers at the Board's request.

<sup>21</sup> Carriers' Exhibit No. 1, p. 38.

<sup>22</sup> Data supplied by the Carriers at the Board's request.

<sup>23</sup> Data supplied by the Carriers at the Board's request.

*Distribution of intercity freight traffic in the United States*

<i>Year</i>	<i>Railroad</i>	<i>Motor trucks</i>	<i>Great Lakes</i>	<i>Rivers and Canals</i>	<i>Oil pipe lines</i>
1956-----	48.4	18.4	8.2	8.0	17.0
1957-----	46.9	19.0	8.8	8.7	16.7
1958-----	46.0	21.0	6.6	9.0	17.4
1959-----	45.0	22.3	6.2	9.0	17.5
1960-----	43.5	22.5	7.4	9.3	17.2

The rate of return on net assets in the railroad industry compares unfavorably with that in industry as a whole. In 1960 it was 2.6 percent for the railroads compared to 10.5 percent for manufacturing corporations.<sup>24</sup>

Railroad employees' compensation as a share of sales has risen from 48 percent in 1939 to 58 percent in 1960, or 19 percent. In manufacturing, the rise was from 23 percent to 26 percent, or a 13-percent increase in the same period.<sup>25</sup>

Of the 100 Class I railroads, 28 incurred deficits in 1961, nearly all Eastern roads.<sup>26</sup> Among these are such major carriers as the New Haven; Erie-Lackawanna; Lehigh Valley; New York Central; B. & O.; and the Reading Company.

On the other hand, there are recent indications that the downward slide in railroad earnings may be at an end and that the industry's future is brighter. The 1962 recovery has boosted traffic volume and first-quarter earnings. If the recovery does not falter, the year 1962 should show a distinct improvement in earnings.

The long-term prospects of the railroads also look brighter. The President's message to the Congress on a national transportation policy advances a program, if adopted, which would relieve the industry of some of the handicaps of over-regulation vis-a-vis competing forms of transport. When the Congress enacts the program into law the railroads should be in a position to compete more effectively for the shippers' dollar and to utilize more fully their capacity.

### **Conclusions on the wage increase proposal**

The foregoing analysis reveals the existence of a lag in the wage progress of railroad nonoperating employees. Readings taken from several of the reference points indicate a lag in railroad wages until the end of 1961 or early 1962 in an amount between 3.5 cents and 6 cents per hour. The cost-of-living test alone requires a 4-cent-per-hour increase to maintain the integrity of the last cash wage increase given these employees in July 1960.

<sup>24</sup> Carriers' Exhibit No. 1, p. 48.

<sup>25</sup> Carriers' Exhibit No. 1, p. 49.

<sup>26</sup> Carriers' Exhibit No. 1, pp. 50-51.

Consideration of these several factors in the light of the financial condition of the railroads has led us to conclude that 4 cents per hour should be recommended to eliminate this difference. This increase should be effective February 1, 1962, for reasons set forth later.

Wage negotiations are prospective as well as retrospective. The parties were pledged not to reopen on wages until November 1, 1961. It is in the interest of the employes, the railroads, and the public that a further period of wage stability in the industry be established. Balancing on the one hand the need for such a period of stability and on the other the understandable reluctance of the parties to forego freedom of movement for too long a period in the face of an uncertain future, we have decided to recommend that the parties agree to refrain from serving Section 6 notices for revisions of wage rates of pay until May 1, 1963.

If the parties are asked to refrain from seeking general wage rate changes until May 1, 1963, it is not enough merely to correct the disparity we found to exist as of late 1961 or early 1962. The period until May 1, 1963, is very nearly certain to be one in which wages in outside industry will increase as the result of the expanding productivity of the economy. Hence, in addition to recommending an increase to correct the imbalance existing as of late 1961 or early 1962, we shall recommend an increase of 2.5 percent to become effective as of May 1, 1962. In our judgment, an increase of 2.5 percent in the wage rates in effect on May 1, 1962 is likely to keep railroad nonoperating employes abreast of employes in outside industry in the matter of wage changes between May 1962 and May 1963.

This adjustment, after the imbalance is removed, falls within the limits indicated by the guide lines for noninflationary wage behavior suggested by the Annual Report of the Council of Economic Advisers.

We have used this document not as a formula for a wage recommendation but as a check on the compatibility of our finding with the public interest. Our recommendation for the year May 1, 1962, to May 1, 1963, applicable to "an industry which could not provide jobs for its entire labor force even in times of generally full employment \* \* \*",<sup>27</sup> falls short of the general guide rate, which is equal to the trend rate of over-all productivity increase.

Thus for the year beginning November 1, 1961, when the previous moratorium on general wage changes expired, our recommendation will provide an average increase in employment costs of 6.2 cents per hour, an amount within the range suggested by the guide lines contained in the Report of the Council of Economic Advisers.

---

<sup>27</sup> Economic Report of the President, January 1962, p. 189.

If reckoned from February 1, 1962, the effective date of the wage increase we shall recommend, the average rise in employment costs for the year ending January 1, 1963, will be at about the upper limit of that range.

We shall recommend that the adjustment of 4 cents per hour be retroactive to February 1, 1962, because the wage issue, initiated as of November 1, 1961, has remained open until now, in part because of the statutory processes of the Railway Labor Act. Both the Carriers and the Organizations are constrained to live with the benefits and burdens of this law. To deny any retroactivity would place on the railroad nonoperating employes the full burden of the delays inherent in proceedings under the Act. To grant full retroactivity would place on the Carriers the full burden arising from the delays inherent in the procedures required under the Act. Our belief that this burden should be shared equally is basic to our recommendation that the 4-cents-per-hour adjustment be retroactive to February 1, 1962.

### **Recommendation**

We recommend that:

1. All rates of pay existing on November 1, 1961, be increased by 4 cents per hour effective February 1, 1962.
2. All rates of pay existing on May 1, 1962, be increased by 2½ percent effective May 1, 1962.
3. The parties agree to refrain from filing Section 6 notices seeking revisions in rates of pay until May 1, 1963.

### **THE PARTIES' NOTICE PROPOSALS**

The Organizations, in their 60-day notice, made the following proposal:

2. Revise and supplement existing agreements so as to include therein rules requiring that:

Prior to any reduction in force or any abolition of a position or positions resulting in reduction in the number of employes in any seniority district or other unit covered by a seniority roster, all employes who may be affected by such reduction in force or abolition of position will be given not less than six months' advance notice thereof. However, this rule shall not operate to require more than sixteen hours such advance notice to each employe who may be affected under emergency conditions such as flood, snow storm, hurricane, earthquake, fire or strike, provided the Carrier's operations are suspended in whole or in part and provided further that because of such emergency the work which would be performed by the incumbents of the positions to be abolished or the work which would be performed by the employes involved in the force reductions no longer exists or cannot be performed. Whenever forces are reduced or positions are abolished with less than six months' advance

notice pursuant to the preceding sentence, all employees affected thereby shall be recalled to service as soon as the suspension of the Carrier's operations has ceased or the work of the employees affected can again be performed, and any notice of force reduction or abolition of position pursuant to the preceding sentence shall state that employees affected will be so recalled to service. Any rule, agreement or understanding now in effect more favorable to the employee is preserved and undisturbed by this rule.

### The Carriers countered with their **Proposal No. 5:**

5. Eliminate all rules, regulations, interpretations or practices, however established, which require that more than 24 hours advance notice be given before positions are abolished or forces are reduced.

These proposals come to us against a background of a continuing sharp decline in railroad employment.

The average number of nonoperating employees (mid-month count) on Class 1 Line-Haul Railways fell from 1,013,946 in 1945 to 494,773 in 1960—a drop of more than 51 percent.

And at October 1961 it had fallen further to 448,374—56 percent below the 1945 figure.<sup>28</sup>

Data on monthly fluctuations in employment were furnished the Board. These data show employment in the month of July as 100 and relate employment in the other months to this base. The tabulation covers employees in groups II, III, IV and V from 1955 through 1961.<sup>29</sup>

<i>Year</i>	<i>High</i>	<i>Low</i>	<i>Variation</i>
1955-----	100.3	91.6	8.7
1956-----	104.6	97.5	7.1
1957-----	100.1	90.0	10.1
1958-----	106.5	97.2	9.3
1959-----	100.8	92.2	8.6
1960-----	101.0	90.9	10.1
1961-----	100.3	97.5	2.8

As pointed out by spokesmen for the Organizations,<sup>30</sup> the victims of the sharp decline in employment were originally the younger employees. Such young employees and those low on the seniority lists have practically all disappeared. The men that are left are men, in most instances, who have devoted a large portion of their lives to the railroad industry.

The total number of nonoperating employees with 12 months or more of service, declined from 558,222 in 1955 to 396,768 in 1960—a decline of almost 29 percent; while the number of such employees with less than 6 months' service dropped from 218,381 in 1955 to 86,836 in 1960—a decline of over 60 percent.<sup>31</sup>

<sup>28</sup> Employees' Exhibit No. 12, p. 4.

<sup>29</sup> Employees' Exhibit No. 12, p. 8.

<sup>30</sup> Transcript, p. 1510.

<sup>31</sup> Employees' Exhibit No. 13, p. 14.

### The Organizations state: <sup>32</sup>

We think it is only fair that before such lay-offs take place they (the men to be laid off) receive advance notice of six months so they can plan what they must do accordingly.

If a man has six months' advance notice, he has an opportunity to look around and see where he might move to secure work or what else he might do to assist him in meeting the situation confronting him.

He can take care of his personal obligations in such a way that it doesn't have to be done in a period of a few days, but has a definite period of time in which to adjust himself to the new conditions which will confront him.

We don't feel that it is going to work any hardship on the railroads, because some railroads have proved that it is possible to have a fairly substantial work program and work force even throughout the years."

The Carriers' basic position on this proposal is that its apparent purpose is to guarantee at least 6 months' compensation for every employe presently or hereafter employed who may be covered by existing or future agreements between the parties. The Carriers not only oppose the Organizations' proposal: they offer one of their own which would eliminate all rules, regulations, interpretations or practices, however established, which require more than 24 hours' advance notice be given before positions are abolished or forces are reduced.

The Carriers also offer the argument <sup>33</sup> that the Organizations' proposal does not involve "rates of pay, rules, or working conditions" and it therefore lies outside the scope of the mandatory bargaining provisions of the Railway Labor Act; that in any event, the subject matter has been preempted by the Congress of the United States, in and by the provisions of the Interstate Commerce Act and the Railroad Unemployment Insurance Act."

Such a position on the part of the Carriers cannot be taken seriously in the light of their past history of negotiating, through free collective bargaining, agreements <sup>34</sup> providing protection for employes who lose their jobs or are otherwise adversely affected by coordinations.

When one views the Organizations' proposal against the background of a constant decline in railroad employment—especially among nonoperating employes—and of the continuing necessity for the Carriers to employ all feasible advances in technology and scientific management, the conclusion is inescapable that the solution they seek falls far short of its apparent goal.

Be that as it may, the Organizations' proposal will be considered as presented. It is, however, far deeper than appears at first glance. It goes far beyond giving the employe whose job is to be abolished or

<sup>32</sup> Transcript, p. 1511.

<sup>33</sup> Carriers' Exhibit No. 1, p. 27.

<sup>34</sup> Employes' Exhibit No. 13.



who is to be furloughed an opportunity to "look around." It would, in the view of the Organizations' representatives, guarantee the incumbent of such a job full pay for 6 months after Carrier's notice irrespective of the fact that the job in question might, from the first day of notice, no longer be necessary.

In essence, the Organizations' proposal constitutes a plan that would afford 6 months' severance pay or a 6-months' job freeze.

The principle of a job freeze involved in this proposal has already been before presidential emergency boards and commissions, as well as the Congress of the United States.

Emergency Board No. 138 took notice of this fact in its report dated September 15, 1961:<sup>35</sup>

A "job freeze" provision would thus not meet with public approval. Indeed, a provision in the Emergency Railroad Transportation Act of 1933 which amounted to a job-freeze is believed to have been one of the principal reasons for allowing that law to expire; and a similar provision was rejected by the Congress when it enacted the Transportation Act of 1940.

We agree, too, with the Presidential Railroad Commission<sup>36</sup> that a job freeze is a "moratorium on progress."

While we believe in the principle of reasonable notice to an employee whose job is to be abolished or who is about to be furloughed, we find the Organizations' proposal will serve no useful purpose and could be evaded by a continuous cycle of 6-months' notices.

The Carriers' proposal on this subject is also ill conceived.

Some form of such notice already exists in 804 agreements between the petitioning Organizations and Carriers.<sup>37</sup> Of the statistics which permit of such comparison, 91 of 564 agreements, or nearly 17 percent, require no advance notice.

Of the 804 agreements, 414 (or more than 50 percent) have 4- or 5-days'-notice requirements. Of this same 804 agreements, 28 agreements provide advance notice of from 6 to 15 days. There is none higher.

We note, however, that of the 804 agreements only two agreements provide 7 days' notice; one requires 8 days' notice; eight require 10 days' notice, and only one requires 15 days' notice.

Thus it is plain that advance notice, varying in extent, already exists in much of the industry.

As a matter of fact, the Brotherhood of Maintenance of Way Employees, on October 7, 1959, negotiated an agreement<sup>38</sup> with the entire railroad industry which provides that not less than ninety-six

<sup>35</sup> Report of Emergency Board No. 138, pp. 18, 19.

<sup>36</sup> Report of the Presidential Railroad Commission, February 1962; p. 135.

<sup>37</sup> Data furnished at Board's request by Organizations. Transcript, p. 1536.

<sup>38</sup> From data supplied by Organizations at Board's request. Transcript, p. 1536.

(96) hours' notice will be given prior to job abolition or force reduction.

This is the type of agreement we believe gives employes "reasonable" advance notice. It is not the type of agreement that imposes a job freeze; nor do we believe it to be detrimental to the Carriers.

We think there is room for argument as to whether the 96 hours' notice is sufficient to permit an employe about to be released to make the plans he believes necessary for other employment.

Protection for such employes is a proper goal for the Organizations to seek. But if it is to be meaningful, it should be aimed at protecting the employe rather than freezing jobs which may no longer be necessary. A job freeze is like an economic cancer. It may serve to hasten the end of an enterprise which might otherwise be able to provide more jobs in a healthy economic climate.

### RECOMMENDATION

1. We recommend that the Organizations' proposal and Carriers' Proposal No. 5 dealing with notice of layoffs or furloughs, be withdrawn.

2. We recommend that the parties negotiate a rule requiring not less than five (5) working days' advance notice to regularly assigned employes (not including casual employes or employes who are substituting for regularly assigned employes) whose positions are to be abolished before reductions in force are to be made, except as provided in article VI of the agreement of August 21, 1954. Any rules presently in effect more favorable to the employes should be continued.

Respectfully submitted,

(S) LAURENCE E. SEIBEL, *Member.*

(S) EDWARD A. LYNCH, *Member.*

(S) SAUL WALLIN, *Chairman.*

Washington, D.C., May 3, 1962.

## **APPENDIX**

### **EXECUTIVE ORDER NO. 11008**

#### **Creating an Emergency Board to Investigate Dispute Between the Akron & Barberton Belt Railroad Company and Other Carriers and Certain of Their Employees**

WHEREAS a dispute exists between the Akron & Barberton Belt Railroad Company and other carriers represented by the Eastern, Western and Southeastern Carriers' Conference Committees, designated in List A attached hereto and made a part hereof, and certain of their employees represented by the Eleven Cooperating Railway Labor Organizations, labor organizations, designated in List B attached hereto and made a part hereof; and

WHEREAS this dispute has not heretofore been adjusted under the provisions of the Railway Labor Act, as amended; and

WHEREAS this dispute, in the judgment of the National Mediation Board, threatens substantially to interrupt interstate commerce to a degree such as to deprive the country of essential transportation service:

NOW, THEREFORE, by virtue of the authority vested in me by section 10 of the Railway Labor Act, as amended (45 U.S.C. 160), I hereby create a board of three members, to be appointed by me, to investigate this dispute. No member of the board shall be pecuniarily or otherwise interested in any organization of railroad employees or any carrier.

The board shall report its findings to the President with respect to the dispute within thirty days from the date of this order.

As provided by section 10 of the Railway Labor Act, as amended, from this date and for thirty days after the board has made its report to the President, no change, except by agreement, shall be made by the Akron & Barberton Belt Railroad Company and other carriers represented by the Eastern, Western and Southeastern Carriers' Conference Committees, or by their employees, in the conditions out of which the dispute arose.

JOHN F. KENNEDY

THE WHITE HOUSE, *March 3, 1962.*

**LIST A****Eastern Railroads**

Akron & Barberton Belt Railroad Company.  
 Akron, Canton & Youngstown Railroad Company.  
 Ann Arbor Railroad Company.  
 Baltimore & Ohio Railroad Company.  
     Baltimore & Ohio Chicago Terminal Railroad Company.  
     Staten Island Rapid Transit Railroad Company.  
 Bessemer and Lake Erie Railroad Company.  
 Boston & Maine Railroad.  
 Brooklyn Eastern District Terminal.  
 Buffalo Creek Railroad.  
 Bush Terminal Railroad Company.  
 Canadian National Railways.  
 Candian Pacific Railway Company.  
 The Central Railroad Company of New Jersey.  
     New York & Long Branch R.R. Company.  
 Central Vermont Railway, Inc.  
 Chicago Union Station Company.  
 Cincinnati Union Terminal Company.  
 Dayton Union Railway Company.  
 Delaware and Hudson Railroad Corporation.  
 Detroit and Toledo Shore Line Railroad Company.  
 Detroit Terminal Railroad Company.  
 Detroit, Toledo and Ironton Railroad Company.  
 Erie-Lackawanna Railroad Company.  
 Grand Trunk Western Railroad Company.  
 The Indianapolis Union Railway Company.  
 The Lehigh and Hudson River Railway Company.  
 Lehigh Valley Railroad Company.  
 Long Island Railroad Company.  
 Maine Central Railroad Company.  
     Portland Terminal Company.  
 Monon Railroad Company.  
 Monogahela Railway Company.  
 Montour Railroad Company.  
 New York Central System :  
     New York Central Railroad Company.  
         New York District (Including Grand Central Terminal).  
         Eastern District (Including Boston & Albany Division).  
         Western District.  
         Northern District.  
         Southern District.  
 Indiana Harbor Belt Railroad Company.  
 Chicago River & Indiana Railroad Company.  
 Pittsburgh & Lake Erie Railroad Company.  
     Lake Erie and Eastern Railroad Company.  
 Cleveland Union Terminals Company.  
 Troy Union Railroad Company.  
 New York, Chicago and St. Louis Railroad Company.

New York Dock Railway.  
 New York, Susquehanna and Western Railroad Company.  
 The Pennsylvania Railroad Company.  
     Baltimore and Eastern Railroad Company.  
 Pennsylvania-Reading Seashore Lines.  
 Pittsburgh & West Virginia Railway Company.  
 Pittsburgh, Chartiers & Younghiogheny Railway Company.  
 Railroad Perishable Inspection Agency.  
 Reading Company.  
     Philadelphia, Reading and Pottsville Telegraph Company.  
 The River Terminal Railway Company.  
 Toledo Terminal Railroad Company.  
 Union Depot Company (Columbus, Ohio).  
 Upper Merion & Plymouth Railroad Company.  
 Washington Terminal Company.  
 Western Maryland Railroad Company.  
 Youngstown & Southern Railway Company.

### **Western Railroads**

Alton and Southern Railroad.  
 Atchison, Topeka & Santa Fe Railway.  
     Gulf, Colorado and Santa Fe.  
     Panhandle and Santa Fe.  
 Bauxite and Northern.  
 Belt Railway Company of Chicago.  
 Camas Prairie Railroad Company.  
 Chicago & Eastern Illinois Railroad.  
 Chicago & Illinois Midland Railroad.  
 Chicago and Illinois Western Railroad.  
 Chicago and North Western Railway (including Former Chicago, St. Paul,  
     Minneapolis & Omaha, Former L&M and Former M&St. L.).  
 Chicago and Western Indiana Railroad.  
 Chicago, Burlington & Quincy Railroad.  
 Chicago Great Western Railway.  
 Chicago, Milwaukee, St. Paul and Pacific Railroad.  
 Chicago Produce Terminal Company.  
 Chicago, Rock Island and Pacific Railway.  
 Colorado and Southern Railway.  
 Colorado and Wyoming Railway.  
 Davenport, Rock Island and North Western Railroad.  
 Denver and Rio Grande Western Railroad.  
 Denver Union Terminal Railway.  
 Des Moines Union Railway.  
 Duluth, Missabe and Iron Range Railway.  
 Duluth Union Depot and Transfer Company.  
 Duluth, Winnipeg & Pacific Railway.  
 Elgin, Joliet and Eastern Railway.  
 El Paso Union Passenger Depot.  
 Fort Worth and Denver Railway Company.  
 Galveston, Houston and Henderson Railroad.  
 Great Northern Railway.

Green Bay and Western Railroad.  
     Kewaunee, Green Bay and Western Railroad.  
 Houston Belt & Terminal Railway.  
 Illinois Central Railroad.  
 Illinois Northern Railway.  
 Illinois Terminal Railroad.  
 Joint Texas Division of CRI&P and Ft. W&D.  
 Joliet Union Depot Company.  
 Joplin Union Depot Company.  
 Kansas City Southern Railway.  
     Arkansas Western Railway.  
     Kansas City Shreveport and Gulf Terminal.  
 Kansas City Terminal Railway.  
 King Street Passenger Station (Seattle).  
 Lake Superior & Ishpeming.  
 Lake Superior Terminal and Transfer Railway.  
 Los Angeles Junction Railway.  
 Louisiana & Arkansas Railway Company.  
 Manufacturers Railway.  
 Midland Valley Railroad.  
     Kansas, Oklahoma & Gulf Railway.  
     Oklahoma City-ADA-Atoka Railway.  
 Minneapolis, Northfield & Southern Railway.  
 Minnesota and Manitoba.  
 Minnesota Transfer Railway.  
 Missouri-Kansas-Texas Railroad Company.  
     Beaver, Meade and Englewood Railroad.  
 Missouri Pacific Railroad (Western, Southern and Gulf District).  
     Missouri-Illinois Railroad.  
 Northern Pacific Railroad.  
 Northern Pacific Terminal Company of Oregon.  
 Northwestern Pacific Railroad.  
 Ogden Union Railway and Depot Company.  
 Oregon, California & Eastern Railway.  
 Pacific Coast Railroad Company.  
 Paducah and Illinois Railroad Company.  
 Peabody Short Lines.  
 Peoria and Pekin Union Railway.  
 Peoria Terminal Company.  
 Port Terminal Railroad Association.  
 Pueblo Joint Interchange Bureau.  
 St. Joseph Terminal Railroad Company.  
 St. Louis-San Francisco Railway.  
     St. Louis, San Francisco & Texas Railway.  
 St. Louis Southwestern Railway.  
 St. Paul Union Depot Company.  
 San Diego & Arizona Eastern.  
 Sioux City Terminal Railway.  
 Soo Line Railroad Company.  
 Southern Pacific Company (Pacific Lines).

**Southern Pacific Company—Texas and Louisiana Lines.**

**Spokane International Railway.**

**Spokane, Portland and Seattle Railway.**

**Oregon Trunk Railway.**

**Oregon Electric Railway.**

**Terminal Railroad Association of St. Louis.**

**Texarkana Union Station Trust.**

**Texas and Pacific Railway.**

**Abilene and Southern Railway.**

**Fort Worth Belt Railway.**

**Texas-New Mexico Railway.**

**Texas Short Line.**

**Weatherford, Mineral Wells and Northwestern.**

**Texas Mexican Railway Company.**

**Texas Pacific-Missouri Pacific.**

**Terminal R.R. of New Orleans.**

**Toledo, Peoria & Western Railroad.**

**Tremont & Gulf Railway.**

**Union Pacific Railroad.**

**Union Railway Company (Memphis).**

**Union Terminal Company (Dallas).**

**Wabash Railroad Company.**

**Walla Walla Valley Railway Company.**

**Warren & Ouachita Valley Railway.**

**Western Pacific Railroad.**

**Western Weighing and Inspection Bureau.**

### **Southeastern Railroads**

**Atlanta & West Point Railroad Company.**

**The Western Railway of Alabama.**

**Atlanta Joint Terminals.**

**Atlantic Coast Line Railroad Company.**

**Augusta Union Station Company.**

**Birmingham Southern Railroad Company.**

**Central of Georgia Railway Company.**

**Albany Passenger Terminal Company.**

**Macon Terminal Company.**

**The Chesapeake & Ohio Railway Company.**

**Clinchfield Railroad Company.**

**Georgia Railroad.**

**Gulf, Mobile & Ohio Railroad Company.**

**Jacksonville Terminal Company.**

**Kentucky & Indiana Terminal Railroad Company.**

**Louisville & Nashville Railroad Company.**

**Norfolk & Portsmouth Belt Line Railroad Company.**

**Norfolk & Western Railway Company.**

**Norfolk Southern Railway Company.**

**Richmond, Fredericksburg & Potomac Railroad Company.**

**Seaboard Air Line Railroad Company.**

**Southern Railway Company.****The Alabama Great Southern Railroad Company.****The Cincinnati, New Orleans & Texas Pacific Railway Company.****Georgia Southern & Florida Railway Company.****New Orleans & Northeastern Railroad Company.****The New Orleans Terminal Company.****Harriman & Northeastern Railroad Company.****St. Johns River Terminal Company.****Tennessee Central Railway Company.****LIST B****International Association of Machinists.****International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths,  
Forgers and Helpers.****Sheet Metal Workers' International Association.****International Brotherhood of Electrical Workers.****Brotherhood of Railway Carmen of America.****International Brotherhood of Firemen and Oilers.****Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and  
Station Employees.****Brotherhood of Maintenance of Way Employees.****The Order of Railroad Telegraphers.****Brotherhood of Railroad Signalmen.****Hotel and Restaurant Employees & Bartenders' International Union.**



NATIONAL MEDIATION BOARD,  
 EMERGENCY BOARD No. 145,  
*Washington (25), March 27, 1962.*

THE PRESIDENT,  
*The White House.*

DEAR MR. PRESIDENT: Reference is made to your Executive Order No. 11008, dated March 3, 1962, creating an emergency board under the provisions of Section 10, of the Railway Labor Act, as amended, to investigate 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 Eleven Cooperating Railway Labor Organizations.

Under the terms of this Executive Order the thirty-day period for filing the report, provided in Section of the Act, expires on April 2, 1962. We have been advised by the Emergency Board that it does not appear possible for them to conclude their investigation and report on this dispute by April 2nd. The parties have entered into a stipulation providing for an extension of time within which this Emergency Board shall report its findings to the President, a copy of which is attached.

The National Mediation Board accordingly recommends that the requested extension of time be approved, permitting this Emergency Board to file its report and recommendations not later than May 3, 1962, inclusive.

Respectfully,

(S) Leverett Edwards.  
 LEVERETT EDWARDS,  
*Chairman, National Mediation Board.*

Approved:

(S) JFK  
 Enc. MAR. 30, 1962.

## APPEARANCES ON BEHALF OF THE EMPLOYES

**LESTER P. SCHONE** and **MILTON KRAMER**, General Counsel for the Employees' National Conference Committee, Eleven Cooperating Railway Labor Organizations.

**ELI L. OLIVER**, Economic Advisor.

**W. M. HOMER**, Assistant Economic Advisor.

**G. E. LEIGHTY**, Chairman, Employees' National Conference Committee.

**RAILWAY EMPLOYEES' DEPARTMENT, AFI-CIO.**

**MICHAEL FOX**, President.

**GEORGE CUCICH**, Research Director.

**INTERNATIONAL ASSOCIATION OF MACHINISTS.**

**JOSEPH W. RAMSEY**, General Vice President.

**JOSEPH BESCH**, Grand Lodge Representative.

**INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIP BUILDERS, BLACKSMITHS, FORGERS AND HELPERS.**

**RUSSELL K. BERG**, International President.

**EDWARD H. WOLFE**, International Vice President.

**E. ERICKSON**, International Representative.

**SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION.**

**J. W. O'BRIEN**, General Vice President.

**LEO C. DUNMEYER**, International Representative.

**INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS.**

**THOMAS V. RAMSEY**, International Vice President.

**F. T. GLADNEY**, International Representative.

**BROTHERHOOD RAILWAY CARMEN OF AMERICA.**

**A. J. BERNHARDT**, General President.

**GEORGE L. O'BRIEN**, Assistant General President.

**ANTHONY L. KRAUSE**, General Vice President.

**INTERNATIONAL BROTHERHOOD OF FIREMEN, OILERS, HELPERS, ROUNHOUSE AND RAILWAY SHOP LABORERS.**

**ANTHONY MATZ**, President.

**JOHN CASSELMAN**, Vice President.

**BROTHERHOOD OF RAILWAY AND STEAMSHIP CLERKS, FREIGHT HANDLERS, EXPRESS AND STATION EMPLOYEES.**

**GEORGE M. HARRISON**, Grand President.

**GLENN R. ATKINSON**, Vice Grand President.

**BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES.**

**H. C. CROTTY**, President.

**H. L. PADGETT**, Assistant to President.

**D. W. HERTEL**, Director of Research.

**THE ORDER OF RAILROAD TELEGRAPHERS.**

**G. E. LEIGHTY**, President.

**RAY J. WESTFALL**, Director of Research.

**BROTHERHOOD OF RAILROAD SIGNALMEN.**

**JESSE CLARK**, President.

**E. J. BURMAN**, Vice President.

**HOTEL AND RESTAURANT EMPLOYEES AND BARTENDERS INTERNATIONAL UNION.**

**EDWARD S. MILLER**, General President.

**R. W. SMITH**, Vice President.

## APPEARANCES FOR THE CARRIERS

### Eastern Carriers' Conference Committee

- J. J. GAHERIN (*Chairman*), Chairman Labor Relations Committee, Eastern Railroads.  
 L. B. FEE, Vice President—Employee Relations, New York Central System.  
 R. L. HARVEY, Director of Labor Relations, Baltimore & Ohio Railroad.  
 G. W. KNIGHT, Vice President—Labor Relations, Pennsylvania Railroad.  
 R. W. PICKARD, Vice President—Personnel, Boston & Maine Railroad.
- 

W. S. MACGILL, Chairman, Executive Committee, Bureau of Information of the Eastern Railways.

### Western Carriers' Conference Committee

- J. E. WOLFE (*Chairman*), Chairman, Committee on Labor Relations, The Association of Western Railways.  
 E. H. HALLMANN, Director of Personnel, Illinois Central Railroad.  
 A. D. HANSON, Assistant to Executive Vice President—Personnel, Union Pacific Railroad.  
 K. K. SCHOMP, Manager of Personnel, Southern Pacific Company.

### Southeastern Carriers' Conference Committee

- B. B. BRYANT (*Chairman*), Assistant Vice President—Labor Relations, Chesapeake & Ohio Railway.  
 C. A. MCREE (*Vice Chairman*), Assistant Vice President, Seaboard Air Line Railroad.  
 W. S. BAKER, Assistant Vice President, Atlantic Coast Line Railroad.  
 W. L. BURNER, Jr., Manager, Bureau of Information of the Southeastern Railways.  
 F. K. DAY, Jr., Assistant Vice President, Norfolk & Western Railway.  
 W. S. SCHOLL, Director of Personnel, Louisville & Nashville Railroad.  
 L. G. TOLLESON, Assistant Vice President—Labor Relations, Southern Railway System.

### Counsel for the Carriers' Conference Committees

BASIL COLE  
 ROBERT DILLER

MARTIN M. LUCENTE  
 HOWARD NEITZERT  
 JAMES R. WOLFE

SIDLEY, AUSTIN, BURGESS & SMITH,  
*Of Counsel.*

