Report

TO

THE PRESIDENT

BY THE

EMERGENCY BOARD

APPOINTED BY EXECUTIVE ORDER NO. 11135 DATED JANUARY 3, 1964, PURSUANT TO SECTION 10 OF THE RAILWAY LABOR ACT, AS AMENDED

To Investigate a Dispute Between the Railroad Carriers Represented by the Eastern, Western, and Southeastern Carriers' Conference Committees and Certain of Their Employees Represented by the Brotherhood of Railroad Signalmen.

WASHINGTON, D.C.

APRIL 3, 1964

(National Mediation Board Case No. A–6967)

Emergency Board No. 159

LETTER OF TRANSMITTAL

WASHINGTON, D.C., *April 3, 1964.*

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

MR. PRESIDENT: The Emergency Board created by your Executive Order 11135 of January 3, 1964, pursuant to Section 10 of the Railway Labor Act, as amended, to investigate disputes between certain railroads represented by the National Railway Labor Conference and the Eastern, Western and Southeastern Carriers' Conference Committees and certain of their employees represented by the Brotherhood of Railroad Signalmen, has the honor to submit herewith its report and recommendations based upon its investigation of the issues in dispute.

Respectfully submitted.

MICHAEL B. DEANE, *Member.*
JOSEPH SHISTER, *Member.*
JAMES C. HILL, *Chairman.*

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INTRODUCTION

Emergency Board No. 159 was created by Executive Order No. 11135 of the President on January 3, 1964, pursuant to Section 10 of the Railway Labor Act, as amended. In this order the President directed the Board to investigate disputes between the railroad carriers represented by the Eastern, Western, and Southeastern Carriers' Conference Committees, and certain of their employees represented by the Brotherhood of Railroad Signalmen, and to report its findings to the President with respect to these disputes within 30 days from the date of the order.[1]

In due course, the President appointed as members of the Emergency Board: James C. Hill of Pelham, N.Y., chairman; Michael B. Deane of Washington, D.C.; and Joseph Shister, of Buffalo, N.Y. The Board convened in Washington, D.C., on January 16, 1964. Public hearings began on that date and were closed on March 13, 1964. Upon stipulation of the parties, the President extended the time within which the Board was required to report its findings until April 3, 1964. In addition to 25 days of formal hearings, the Board held frequent private meetings with the parties. While these meetings did not result in a formal agreement, they contributed significantly to narrowing the differences between the parties.

The members of the Board also visited certain railroad facilities in the Washington metropolitan area and observed the operations of signaling devices and equipment.

Parties to the Dispute

The Brotherhood of Railroad Signalmen (hereinafter referred to as the Brotherhood) is one of the standard nonoperating railway labor organizations, representing in the main employees engaged in the installation, maintenance, and repair of railroad signal devices and equipment. The great majority of these employees are classified as gang foremen (signal and telegraph skilled labor), signalmen and signal maintainers, assistant signalmen and assistant signal maintainers, and signalman and signal maintainer helpers. These groups are included in I.C.C. Reporting Divisions 45, 46, 48, and 49. Employees within the bargaining unit represented by the Brotherhood

[1] The carriers involved in this proceeding are listed in App. A. Appearances for the employees and the carriers are listed in App. C.

number approximately 12,600; they constitute approximately 1.8 percent of the total (685,692) employees working for Class 1 line-haul carriers, or 2.7 percent of all nonoperating railroad employees.

The National Railway Labor Conference, together with the Eastern, Western, and Southeastern Carriers' Conference Committees (hereinafter referred to collectively as the Carriers) represent, in this proceeding, approximately 107 line-haul railroads and terminal and switching companies, including almost all of the Class 1 line-haul carriers, with the exception of the Southern System, the Central of Georgia, and the Florida East Coast, which did not authorize the Carriers Conference Committees to represent them in this proceeding.[1a] Contract reopening notices were also served by the Brotherhood on certain minor carriers which are not parties to this proceeding for reasons indicated in a letter from the National Mediation Board dated January 17, 1964 (see Appendix A). The Class 1 line-haul carriers employ about 93 percent of all the railroad workers in the country.

History of the Dispute

On February 1, 1963, the Brotherhood served notices under Section 6 of the Railway Labor Act, as amended, upon the carriers listed in Appendix A, requesting an increase of 25 percent in the rates of pay of all employees it represents, effective May 1, 1963.

On or about February 22, 1963, the Carriers responded to these proposals by a series of counterproposals, providing:

1. ***Modernization of agreements to meet changing conditions***

(*a*) Eliminate all agreements, rules, regulations, interpretations, and practices, however established, which in any way handicap or interfere with the carrier's right to—

(1) Transfer work, either permanently or temporarily, from one facility, location, territory, or department[2] to another facility, location, territory, or department[2];

(2) Contract out work;

(3) Lease or purchase equipment or component parts thereof, the installation, operation, maintenance or repairing of which is to be performed by other than employees of the carrier;

(4) Trade in and repurchase equipment or exchange units;

(5) Make effective any other changes in work assignments or operation.

[1a] See list of carriers in App. A.

[2] This will permit the inclusion or exclusion of work that is now included within the scope of existing agreements.

(*b*) Whenever the introduction of a change in methods or operation such as those set forth in paragraph (*a*) hereof cannot be accomplished, or where its benefits could not be fully realized, without the consolidation, merger or elimination of one or more seniority districts, or in any other instances where a carrier desires to consolidate, merge or eliminate one or more seniority districts, the carrier shall give 30 days' notice to the affected organization or organizations. All parties affected by the change shall, before expiration of the notice period, engage in joint negotiations in regard to the consolidation, merging or elimination of one or more seniority districts. If agreement has not been reached within 30 days of the date of the notice, any party may submit the question for final and binding determination to an arbitration board consisting of a representative of each organization involved, an equal number of carrier representatives and a neutral member selected by the participating members. Should the parties fail to agree upon the selection of a neutral within 10 days from the date of the service of such notice, the parties, or any party, to the dispute may certify that fact to the National Mediation Board, which Board shall, within 10 days from the receipt of such certificate, name a neutral. If the parties to the dispute fail to agree upon the fee to be paid to the neutral, the National Mediation Board shall stipulate the amount of such fee. The arbitration board shall begin hearings within 10 days of the appointment of the neutral. Findings shall be rendered in writing by the arbitration board within 30 days from the date of the beginning of the hearings of the particular dispute, such findings to be final and binding upon all the parties to the dispute, whether or not such parties appear before the arbitration board. The arbitration board shall not undertake to determine whether the change is to be introduced but shall confine its decision to the consolidation, merger or elimination of seniority districts. The arbitration award thus rendered may be made effective 30 days after the date of such award or at a later date if the carrier, for operational or other reasons, so decides.

(*c*) (1) Where an agreement, rule, regulation, interpretation, or practice, however established, exists which is more favorable to the carrier, such agreement, rule, regulation, interpretation or practice may be retained; (2) Where no agreement, rule, regulation, interpretation, or practice exists which imposes the limitation or restrictions which would be eliminated by this proposal, the fact that the subject matter is included in this uniform Attachment A is not to be construed as an admission that such limitation or restriction exists on this carrier.

727-510—64——2

2. *Compulsory retirement*

All employees subject to the provisions of this agreement who are 70 years of age or over must retire from active service no later than 90 days subsequent to the effective date of this agreement. Thereafter the mandatory retirement age shall be progressively lowered until it is 65 in accordance with the following schedule:

January 1, 1964—69 years of age
January 1, 1965—68 years of age
January 1, 1966—67 years of age
January 1, 1967—66 years of age
January 1, 1968—65 years of age

Existing agreements which provide for retirement at an earlier age than herein set forth remain in full force and effect.

The Brotherhood requested meetings with the individual carriers. At the same time the Brotherhood established a Signalmen's National Conference Committee and requested the carriers to create a similar national committee for joint negotiations in the event that agreement should not be reached in separate system conferences. On May 6, 1963, the Brotherhood invoked the services of the National Mediation Board. On May 9, 1963, the National Railway Labor Conference agreed to mediation of the February proposals and counterproposals. However, there was considerable delay in setting up a negotiating committee to engage in national bargaining with the Brotherhood. On July 9, 1963, the National Mediation Board scheduled mediation on a national basis, to commence on July 22.

Mediation actually began on August 1, 1963, but was recessed after a few brief sessions. Subsequently, further mediation was attempted but without success. On October 25, 1963, the National Mediation Board proffered arbitration in accordance with the procedures of the Railway Labor Act. The Brotherhood accepted arbitation on condition that the Carriers' counterproposals be withdrawn. The Carriers would not accept this condition and on November 20, 1963, the Mediation Board notified the parties that mediation efforts were terminated. The Brotherhood thereupon advised the National Mediation Board that, 30 days after the termination of mediation, it would have to take "further action"—implying, although not explicitly stating, that it would strike. At the request of the National Mediation Board the Brotherhood agreed to defer any action until January 4, 1964. The dispute was certified to the President by the National Mediation Board and, on January 3, 1964, the President issued an Executive order creating this Emergency Board.

The Setting of the Dispute

The issues before this Board are defined by the proposals and counterproposals as stated in the February notices of the Brotherhood and the Carriers, namely the Brotherhood's demand for a 25 percent general wage increase and the Carriers' proposals regarding work rules and compulsory retirement. This has been generally referred to as the Signalmen's Wage and Rules Case. Understanding of these issues, however, requires a summary of the series of proposals of this and other organizations of nonoperating railroad employees, and the various counterproposals of the Carriers, which make up the wage-fringe-rules movement of 1963–64.

For more than 25 years the wage movements of nonoperating employees have been pursued through joint negotiations between the national and regional carrier organizations and the major nonoperating employee organizations. From 1937 to 1962 these wage and fringe benefit settlements, whether achieved through direct negotiations or based on Emergency Board or arbitration proceedings, were brought about through joint handling by 11 to 15 cooperating Organizations of nonoperating employees. The last such movement, prior to the present set of disputes, began with uniform notices of contract reopenings served by 11 cooperating Organizations [3] in September 1961, and involved wages and certain rules relating to advance notice of reductions in force or the abolition of positions. This dispute was the subject of the Report and Recommendations of Emergency Board No. 145, filed May 3, 1962. An agreement was entered on June 5, 1962, incorporating in part, but not in full, the recommendations of this Emergency Board.

The first major contract reopening following this settlement came about in October 1962 when six Organizations representing the shop crafts served notice of proposed changes in rules relating to work assignments and employee protection. The Carriers responded in November 1962 with a series of counterproposals relating to the classification and assignment of work, contracting out, compulsory retire-

[3] The 11 Organizations of nonoperating employees were:
- 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 Employes.
- Brotherhood of Maintenance of Way Employes.
- The Order of Railroad Telegraphers.
- Brotherhood of Railroad Signalmen.
- Hotel and Restaurant Employes & Bartenders' International Union.

ment, starting time, and related matters. These proposals and counterproposals, referred to as the Shop Crafts Rules Case, was referred to a Presidential Emergency Board created by Executive order dated March 17, 1964.

The Signalmen's Wage and Rules Case grew out of the proposals and counterproposals of February 1963, as related above. The Carriers' rules proposals in this case are in substance, although not entirely in wording, included within the proposals served upon the shop crafts in November 1962. The compulsory retirement proposal is identical.

On May 31, 1963, the 11 nonoperating Organizations submitted additional notices of three broad types, and in four groupings. All 11 Organizations made uniform proposals for improvements in fringe benefits—vacations, holidays, health and welfare insurance plans and group life insurance. Two separate wage demands were made: The shop crafts requested a general increase of 10 percent plus 14 cents per hour; the four remaining Organizations—the Brotherhood of Railway and Steamship Clerks, the Brotherhood of Maintenance of Way Employees, the Order of Railroad Telegraphers, and the Hotel and Restaurant Employees and Bartenders International Union—requested a uniform increase of 29 cents per hour, both increases to be effective June 30, 1963. In addition, both groups requested subsequent increases of 3½ percent each year, effective at the midpoint of each 12-month period following the effective date of the agreement, and cost of living adjustments each May 1 and November 1, based on the BLS Consumers Price Index.

Finally, the four Organizations representing the Clerks, Maintenance of Way Employees, Telegraphers, and Restaurant Employees, together with the Brotherhood of Railroad Signalmen, submitted proposals on May 31, 1963 relating to stabilization of employment, including: restrictions on reductions in force and contracting out of work; notice of changes in equipment and methods of work; and payments to employees who are affected by abolition of positions or by operational or organizational changes, or who elect early retirement or resignation in lieu of transfer of location or position.

On June 17, 1963, the Carriers served notice on all 11 nonoperating Organizations of counterproposals, governing work assignment; contracting out, and related matters; merger, consolidation, or elimination of seniority districts; supplemental unemployment benefits to employees affected by the carriers' exercise of rights provided above; and the establishment of a tripartite commission empowered to make binding recommendations for the final disposition of all matters which are not settled by agreement of the parties.

In summary, therefore, the following proposals are now pending: The 11 nonoperating Organizations have three different sets of wage proposals, two sets of "rules" proposals, and one set of uniform proposals on vacations, holidays, and health and welfare benefits. The Carriers have one set of uniform counterproposals, addressed to the 11 nonoperating Organizations, relating to wages, fringe benefits, work rules, and employee protections. In addition, they have presented separate and overlapping rules proposals addressed to the six shop craft Organizations and to the Brotherhood of Railroad Signalmen.

All of these proposals and counterproposals had been initiated before there had been any national negotiation or mediation of the issues raised in the February 1963 notices which are involved in the present case. In their notice of June 17, 1963, the Carriers proposed joint handling of all the proposals and counterproposals which have been described above. Specifically, in the case of the Brotherhood of Railroad Signalmen, the Carriers requested that their June 17th counterproposals should be handled concurrently with the Brotherhood's proposals of February 1 and May 31, 1963. The Brotherhood refused, insisting that "These requests are of an entirely different nature and we are not willing to join in concerted handling of our February 1 notice with requests of an entirely different nature affecting other organizations" (letter of June 21, 1963).

At the time that mediation efforts were terminated in the present case (November 20, 1963), mediation had not begun, or had not been completed, in any of the other disputes. Thus, the issues certified to this Board do not include the Brotherhood's proposals on fringe benefits or the counterproposals of the Carriers on wages. However, these wage counterproposals do figure in the procedural and substantive arguments of the Carriers in the present case, as will be shown below.

THE WAGE ISSUE

Basic Contentions of the Brotherhood

The Brotherhood proposes a general increase of 25 percent in all wage rates, effective May 1, 1963. Three principal arguments are made in support of this demand:

(a) There has been a substantial increase over the past three or four decades in the qualifications, skills, and responsibilities of signal employees;

(b) Uniform increases in cent-per-hour for nonoperating employees during this period have resulted in an undue compression of wage differentials between the rates of signalmen and rates paid to lesser skilled employees; and

(c) The rates of signal employees have lagged very considerably behind the rates paid for comparable skills and responsibilities in outside industry.

In addition, the Brotherhood argues that signal employees are entitled to a general increase on the basis of increased productivity of the railroads and the economy as a whole, general wage increases in outside industries, cost of living changes, and other factors.

The increase of 25 percent is viewed by the Brotherhood as but a partial correction of inadequate wage progress and inequities built up over a span of approximately 40 years, which, if fully corrected, would necessitate an immediate increase of at least 100 percent. The requested increase, the Brotherhood contends, is fully justified for the basic reasons which follow:

(1) The Brotherhood asserts:

> The employees in the signal departments of the country's railroads build, maintain, and repair the signal systems that control the movement of trains and cars along the line of railroad, in and through yards, at terminals, that control various communications systems at highway and rail crossings, and that comprise the increasingly complex and delicate nerve system of the national railroad network which the Carriers have analogized to the complex human nervous system. (Brief, p. 13.)

To perform these duties the signalman and signal maintainer must be a composite mechanic; he must have versatile skills and he must become familiar with various kinds of complex electronic equipment.

The Brotherhood further maintains that the qualifications, skills and responsibilities of signalmen have greatly increased over the past several decades and particularly in the past 10 or 15 years. About 45 years ago, when the wage rates of signalmen and other crafts and classes of railroad labor were first established in proper relationship by the Railroad Labor Board, the movement of trains was largely controlled by telegraphic or telephonic train orders. Block signal systems were used on less than half the railroad mileage, and much the greater part of these were manual block signals. Automatic block signals were used on only 38,000 track-miles, and these were relatively simple devices. The duties of the signalman's craft were primarily to install, inspect, maintain and adjust these simple devices, to replace worn parts and, in some territories, to fill oil lamps.

Since that time, the Brotherhood points out, new and complicated electronic signal and control devices have been developed and placed in general use, while older devices, such as electric switching machines and automatic block signals, have been greatly improved and have become increasingly complicated. Among the various new developments and forms of equipment described by the Brotherhood are automatic switching, interlocking, automated yards, and centralized traffic control. Also, intricate track circuits now activate crossing gates and lights, signals in locomotives, hot-box and dragging detectors as well as greatly improved automatic block signals. Some of the modern freight classification yards are almost fully automated, utilizing car retarders, computers and radar, with control of all switches from a central console.

Centralized traffic control is being increasingly used at many centers of dense traffic. Controlling the operation of switches, signals, and other devices over many miles of track from a single control panel, CTC has greatly increased track capacity and replaces all other methods of controlling the movement of trains. All of these new devices and equipment, the Brotherhood states, are assembled, installed, inspected, maintained, and repaired by signalmen.

The Brotherhood's argument is twofold. First, the skills and knowledge required of signalmen have been greatly increased because of the introduction of diverse and complex equipment. Second, the responsibility placed on signalmen has been greatly augmented because of the crucial importance of signal devices in relation to the safety and efficiency of railroad operations.

The Brotherhood has also stressed the factor of working conditions. It points out that signalmen frequently work alone; they are exposed to hazards of working on tracks and live powerlines; they work outdoors in all conditions of weather; many work away from home for considerable stretches of time, without extra remuneration, often living in "dilapidated camp cars"; and they are subject to call at all times for emergency work, without compensation for standby service. The Brotherhood asserts:

> It must be difficult, if not impossible, to point to any group of wage-earners who are required to have such diversified skills, to understand such complex equipment, to assume such responsibilities, to work under such adverse circumstances, and to devote so much uncompensated time to their jobs, as the employees before this Board. (Brief, p. 28.)

(2) The Brotherhood argues that, despite the increased skills and responsibilities required of signal employees generally, and signalmen in particular,[4] the wages of signalmen have failed to keep pace with the wage progress of comparable workers in nonrailroad industries. Thus, between September 1949 and the latter half of 1963, the "standard rate" of signalmen—which the Brotherhood claims is the basic rate provided in the labor agreements with the individual carriers—has increased from \$1.75 per hour (Eastern Region) to \$2.7528 per

[4] The term "signal employees" will hereinafter be used to designate all the employees on the railroads represented by the Brotherhood of Railroad Signalmen. The term "signalmen" will hereinafter be used to designate the employees represented by the Brotherhood in Reporting Division 46 and commonly known as "signalmen" and signal maintainers."

hour, a rise of $1.0028 or 57.3 percent. (Almost identical results are obtained if one utilizes average straight time hourly earnings rather than the standard rate.) In contrast to this modest wage progress of signalmen, comparable crafts in nonrailroad industries have received substantially greater increases over the same period.

Among the principal comparisons cited by the Brotherhood are the current rates, and the absolute and percentage increase in rates since 1949, of unionized electricians in building construction and various manufacturing industries. As contrasted with the standard rate of $2.75 for railroad signalmen, current rates cited for electricians ranged from $3.11 in the Bethlehem Atlantic Shipyards to $4.55 in the building trades. Increases to electricians in outside industries since 1949 ranged from $1.405 (75.5 percent) for Electricians, Class 16, in the U.S. Steel Corp. to $2.06 (82.7 percent) in the building trades.

In addition, argues the Brotherhood, electricians and linemen in electric utilities in all parts of the country have received significantly greater wage increases, both absolutely and on a percentage basis, than the signalmen. The Brotherhood submitted detailed statistics on changes in wage rates of organized linemen employed by electric utilities in all parts of the country, for the period 1949–62; and in all instances the linemen received greater wage increases than the signalmen, whether measured in absolute or percentage terms. Similar results are obtained when comparison is made between the wage progress of signalmen and organized cable splicers, electrical mechanics A, troublemen and trouble splicers employed by electric utilities in various parts of the country during the period December 1958 to January 1963, whether measured in absolute or percentage terms.

(3) The consistent practice over the years of granting wage increases in uniform cents per hour has resulted in a drastic compression of differentials between signalmen and helpers, as well as between signalmen and unskilled employees in the railroad industry generally. Thus, as of 1920, "the last time that rates of pay of signal employees were adjusted to give them what was then thought to be a proper relationship to other railroad rates of pay" (Brief, p. 4), the sigalmen's hourly rate was 85 cents an hour and the helper's rate was 59 cents an hour—a differential of 44 percet. By contrast, the current rates of signalmen and helpers are $2.7528 and $2.4648, respectively, a differential of only 11.7 percent.

(4) The Brotherhood denies that the drastic compression of differentials can be attributed to unduly large wage increases for helpers or for unskilled workers over the years. On the contrary, the Brotherhood points out, between 1949 and 1962 the hourly rate of signalmen helpers increased from $1.462 to $2.4648 (Eastern Region)—a rise of

$1.0028 or 68.6 percent. During the same period, however, the hourly wage rates of organized groundmen in electric utilities in all parts of the country, with rare exception, increased considerably more than that, in both absolute and percentage terms; and groundmen are classified as unskilled employees by the U.S. Department of Labor whereas the helpers are classified as semiskilled. Again, the current hiring rate for unskilled employees at General Motors is $2.50 per hour, and in the iron and steel industry this figure stands at $2.285.

(5) The Brotherhood argues that in organized industries outside the railroads it is common to make special wage adjustments for the skilled employees. The purpose of these adjustments is to compensate the skilled adequately in the light of the job requirements and to maintain appropriate wage differentials between the various levels of skill. Even on the railroads, special wage adjustments have been made to compensate employees for increased skill and responsibility. Thus, engineers and firemen in through freight service are paid in accordance with weight on drivers; conductors and brakemen in through freight service are compensated on the basis of maximum number of cars hauled; the Agreement between the Missouri Pacific Co. and the Brotherhood of Railway Clerks (effective January 1, 1960) provides special rates for various positions in that Carrier's Data Processing Center in St. Louis.

(6) The Brotherhood contends that the requested wage increase is also warranted by increases in the productivity in the economy as a whole. The Brotherhood argues that all American workers—the railroad employees included—should share in the productivity gains in the economy as a whole. More specifically, argues the Brotherhood, real wages should rise commensurately with the relevant increase in national productivity to enable American workers to raise their standard of living without generating an inflationary spiral. And in support of that contention, the Brotherhood alludes to the general wage guidepost set forth in the 1962 Annual Report of the President's Council of Economic Advisers. The Brotherhood notes the Council's own modifications to the general guidepost, notably the one which states: "Wage rate increases would fall short of the general guide rate in an industry which could not provide jobs for its entire labor force in times of generally full employment." But the Brotherhood contends that the Council of Economic Advisers did not have in mind an industry, like the railroads, where employment has declined, but where man-hour productivity has increased significantly more than in industry generally.

In the light of increased national productivity alone, concludes the Brotherhood, the employees it represents are entitled to a wage increase of 101.3 percent over the level of 1936, or 32.8 percent over the level of September 1949.

The Brotherhood stresses that increases in productivity on the railroads have exceeded those in industry generally. In support of this contention the Brotherhood points out that revenue traffic units per man-hour on the railroads increased 297.8 percent between 1922 and 1962, whereas output per man-hour in all manufacturing increased only 214.9 percent in the same period. In the decade 1952–62, the average annual increase in man-hour productivity on the railroads was 4.7 percent; the corresponding figure for manufacturing was only 4 percent.

The Brotherhood does not claim that productivity increases have been caused by railroad labor generally or by the signal employees in particular. Nor does it argue that railroad wages should rise more than other wages, but it insists that railroad wages should not rise less.

(7) The Brotherhood argues that in comparing the wage progress of railroad employees and employees in outside industry, it is inaccurate to utilize as a standard production workers in all manufacturing, or in durable goods, or nondurable goods manufacturing. For, contends the Brotherhood, that standard—espoused by the Carriers—encompasses many firms, industries, and regions where wages are substandard and/or the workers are unorganized. Instead, the comparisons should be made with wage progress in organized industries. Thus a comparison of changes in average straight time hourly earnings from September 1949 to 1963 between nonoperating railway employees and employees in such organized manufacturing industries as steel, copper, metal cans, motor vehicles and equipment, aircraft and parts, etc., shows that the wages of the railway employees have lagged very considerably. For example, while the average straight time hourly earnings of nonoperating railway employees increased from $1.482 to $2.5018 [5] during this period, the corresponding figures for metal cans were $1.389 and $2.905. Thus, while the railway wages increased $1.0198 or 68.8 percent, the wages in metal cans increased $1.516 or 109.1 percent. The Brotherhood also points out that the average (median) adjustment in wage rates in collective bargaining settlements concluded in 1963 was 3.1 percent; and that figure excludes wage changes decided upon in earlier years, cost-of-living escalator adjustments, and wage changes scheduled to go into effect in the future contract years.

(8) The Brotherhood denies the carriers' contention that supplementary wage (fringe benefits) expenditures for railroad employees

[5] This figure has been adjusted by the Brotherhood to reflect the 1950 employment mix.

are greater than in industry generally. Expenditures for fringe benefits in 1961 amounted to 56.2 cents per payroll-hour in manufacturing, 57.4 cents in all industry, and only 54 cents on the railroads. Because of that, wage progress comparisons between railroads and outside industry must, at least, omit fringe payments in both cases.

(9) The Brotherhood argues that since the employees it represents constitute only 2.7 percent of all nonoperating employees, the wage increase requested will represent a very small cost burden for the Carriers, which they can certainly afford.

Furthermore, and aside from the preceding point, the Brotherhood contends that the Nation's railroads are in a very healthy financial and economic condition. In support of that contention, the Brotherhood cites these facts, among others:

(a) Net railway operating income of all Class I line-haul railroads increased from $537,771,000 in 1961 to $725,679,000 in 1962; and the figure in each of the first three quarters in 1963 is running well above that in the corresponding quarter in 1962.

(b) Net income of all Class I line-haul railroads increased from $382,444,000 to $571,017,000 in 1962; and in each of the first three quarters of 1963 the figure runs well above the corresponding 1962 figure.

(c) The Carriers' profit position, measured as a percentage of sales, was better than that of any transportation industry in 1962; and in 1961 the railroad figure exceeded all transportation industries save the "miscellaneous transportation" category.

(d) The Brotherhood emphasizes, finally, that the railroads are in a sound working capital position.

Basic Contentions of the Carriers

(1) The Carriers argue that the alleged wage inequities cannot be rectified through bargaining and settlements with the Brotherhood alone. Ever since 1937, without exception, all 11 nonoperating Organizations involved in the various proposals and counterproposals summarized above have participated jointly in every wage movement. Until the current movement there has not been any attempt by any one of these Organizations, or any combination of Organizations short of the 11, to bargain separately with the Carriers. Moreover, in every wage movement since 1937, save one, all the nonoperating Organizations settled for identical cents-per-hour across-the-board increases (or the equivalent thereof). The one exception occurred in 1949 in connection with the establishment of the 40-hour week and the maintenance of weekly earnings, which, for purely mathematical reasons, took the form of a uniform percentage increase.

In view of the history of the bargaining structure outlined above, emphasize the Carriers, the wage inequities here alleged by the Brotherhood can be constructively rectified only through joint action by all the nonoperating Organizations. Individual action, such as that here involved by the Brotherhood, will merely lead to complete instability in the relationship between the Carriers and these Organizations. For the wage scales of the various classes of nonoperating employees are closely intertwined precisely because of the history of the bargaining structure. Any attempt to rectify one inequity without a thorough and objective examination of the entire wage structure in the nonoperating sector will result in chaos, notably since any adjustment made applicable to the Brotherhood will certainly and immediately be sought by the other Organizations, regardless of whether the facts warrant such an adjustment or not.

(2) The present dispute must therefore, according to the Carriers, be viewed in the context of the comparative wage progress of all the nonoperating Organizations and production workers in all manufacturing industries, measured from various base periods. And when so viewed, argue the Carriers, the Brotherhood is not entitled to any wage increase at all.

The Carriers contend that average straight time earnings in all manufacturing is the only logical and equitable standard for several reasons. First, only in all manufacturing does one find the wide diversity of occupations characteristic of the railroad employment mix. Second, only in all manufacturing are the employees so widely dispersed geographically as in the railroads. Third, both the Carriers and the Organizations have used the manufacturing wage guidepost in past negotiations and before Emergency and Arbitration Boards. Finally, this norm has been an important element in the considerations of these Boards.

The Carriers allege that the Bureau of Labor Statistics release entitled "Major Wage Developments, 1963" is an inappropriate guidepost, partly because the sampling method is invalid, partly because it focuses only on this bargaining units where wage adjustments were made in 1963, and partly because it deals with extremely short-term wage progress comparisons.

(3) The Carriers argue that, measured from any reasonable base period before or after 1950, the wages of nonoperating employees have progressed more rapidly than those of the production workers in all manufacturing. The differential progress becomes particularly striking when the railroad wages are adjusted for so-called wage equivalents; i.e., translating health and welfare payments into wage equivalents. The Carriers argue that such translation is fully justified, both because the parties have themselves agreed to do so in

past negotiations and because they have been so considered by Emergency Boards. The Carriers further emphasize that supplemental ("fringe") expenditures for railroad employees are so much higher than in outside industry that even after one deducts health and welfare supplements from the railroad expenditures the average expenditure per employee is still greater on the railroads than in outside industry. Thus, in 1962, the supplements to wages and salaries amounted to $794 per employee on the railroads compared to $430 in outside industry; and after deduction of the health and welfare disbursements from the railroad expenditures, the supplements remain higher on the railroads—$649 compared to $430.

As a result of the excessive increases granted to railroad employees over the years, the average straight time hourly earnings of all nonoperating employees in December 1963 was $2.57; when adjusted for wage equivalents the average was $2.70. By contrast, average straight time hourly earnings of production workers in all manufacturing stood at $2.41 in the same month—16 cents below the unadjusted average, or 29 cents below the adjusted average, for nonoperating employees.

(4) The Carriers do not deny that the wage differentials between the signalmen and the helpers have become unduly compressed; nor do they deny that this compression is significantly greater than in outside industry generally. But they argue that the compression has developed because of the voluntary choice of the Brotherhood to join with the other nonoperating Organizations in the various wage movements over the years, and the voluntary decision of all the nonoperating Unions to settle for cents-per-hour across-the-board increases. Had the settlements over the years assumed the form of uniform percentage increases, the wage differential between signalmen and helpers at the present time would be very much greater—namely, $1.025 instead of 32.4 cents—and the current average straight time hourly earnings for signalmen would now be $3.297 instead of $2.773. And, continue the Carriers, the helpers, who are unskilled employees, have received considerably more than they were entitled to over the years because the wage increases were taken in cents per hour rather than in percentage form. Thus, the current average straight time hourly earnings of the helpers is $2.449; had the increases over the years been shaped in percentage form, the current rate of the helpers would be only $2.272.

Since the Brotherhood is not entitled to any general wage increase, according to the Carriers, and since there has been a general compression of wage differentials because the unskilled have received unduly large wage increases as a result of the Organizations' own wage distribution policy, the only logical and equitable solution to the compression problem is to increase the rates of the signalmen by cutting the rates of the unskilled employees.

(5) The Carriers deny that there has been any fundamental change in the skills and responsibilities required of signalmen. Most of the basic equipment, they claim, was in use more than 40 years ago and the work of installing and maintaining this equipment has changed very little over the years. Newer devices are, for the most part, simply enlargements or combinations of old devices and electrical components which have been known and used for a long time. Technological developments in signal equipment, the carriers contend, have actually made the work of signalmen much simpler. Indeed, the Carriers' principal witness on job content stated that installation of CTC systems can be accomplished by inexperienced men without technical education after a training period as short as 6 months.

The Carriers also contend that relatively few signalmen are assigned to work on the more complex types of equipment which are stressed in the Brotherhood's argument.

(6) The Carriers do not deny that there are large numbers of signalmen who perform duties which involve considerable skill and responsibility. But these employees are properly compensated for these skills and responsibility requirements. And that is precisely why, claim the Carriers, 41 percent of the signalmen and signal maintainers (Division 46) receive above the standard rate referred to by the Brotherhood. Thus, as of September 1961, which the so-called standard hourly rate was $2.65 in the Eastern Region, and $2.36 elsewhere, there were some signalmen and signal maintainers receiving as much as $3.36. Furthermore, there has been a considerable reclassification of signalmen positions in recent years, leading to a significant increase in the higher-rated signal department classifications in line with the increased skill and responsibility requirements.

(7) The Carriers argue that the question of productivity—whether in the railroads or in the economy as a whole—is quite irrelevant to the present issue. Insofar as railroad productivity is concerned, several points are stressed by the Carriers. First, the increases in productivity over the years have come about because of technological and organizational changes made by the Carriers; in no sense can the increases be attributable to the employees. Second, it is completely inaccurate to contend that the increases in productivity—even if attributable to labor, which they are not—can be imputed in proper proportion to any particular craft or class of employees. Third, as noted by Emergency Board No. 130, it is inappropriate to link wage determination in any given industry to productivity changes in that industry.

The wage-productivity guidepost set forth by the Council of Economic Advisers, argue the Carriers, is totally irrelevant to wage determination in the railroads, for two reasons. First, the railroad industry cannot provide jobs for its entire labor force, and therefore clearly falls within the scope of one of the modifications to the guidepost, which the Council itself has spelled out. Second, the Council wage-productivity guidepost was not designed, and cannot therefore be used, as a benchmark for wage determination in particular industries or industries generally. Rather, the guidepost was designed to serve as an inflationary warning.

(8) The Carriers stress the point that they are in a very poor financial and economic condition. While it is true, they argue, that a wage increase to the signal employees alone would not represent a very significant cost burden, any wage increase granted the Brotherhood will be certainly and immediately sought by the other nonoperating Organizations. The cost burden of a wage increase for about 450,000 nonoperating employees would impose a difficult burden on the Carriers.

The financial and economic plight of the Nation's railroad stems primarily (though not exclusively) from the intense and increasing competition of other transportation media and the dramatic rise in labor costs over the years. And to demonstrate that plight, the Carriers refer, among other things, to the following data for Class I carriers:

(a) In 1962 railway operating revenues amounted to $9.4 billion; that was the worst year since 1949, with the exception of the years 1954 and 1961.

(b) Net railway operating income in 1962 stood at 2.74 percent on net investment; that was the worst record since 1939, with the exception of the years 1959, 1960, and 1961.

(c) Beginning with 1956, and continuing through 1961, net railway operating income showed a decrease each year in comparison to the preceding year. The modest improvement in 1962 and 1963 was only a temporary respite, entailed by the new Federal depreciation guideposts and the 7 percent tax credit on capital expenditures. The longrun trend has not been reshaped in any way by these temporary improvements.

(d) In the period 1946 through 1962, railroad earnings on net assets varied from a low of 2.2 percent in 1961 to a high of 5.7 percent in 1953 and 1955. Those figures were very considerably below the rate of return of the six large industrial groups in the Nation, both as a group and individually. And the Interstate Commerce Commission stated in 1952 that a 4.6 percent rate of return was inadequate and substandard.

(e) While the overall financial and economic picture of the railroads as a whole is gloomy enough, the condition of the 39 eastern district roads, which operate about 22 percent of the Nation's total road-miles and employ about 37 percent of all the railroad workers, is precarious.. Thus, 17 of the 39 roads had net deficits in both 1961 and 1962. Again, only once in the past 17 years—in 1946—did the eastern railroads have enough effective working capital to cover the average monthly payroll.

Discussion and Findings

A. General Considerations

It is apparent from the foregoing review of the basic contentions of the parties that the controversy runs deep. The arguments frequently advanced in railroad wage disputes are here subordinated to a fundamental disagreement as to whether the Brotherhood's wage demand should be considered by this Board at all. And in coming to grips with the merits of the wage issue, the arguments of the parties have little common ground. The Brotherhood presents a case for a special increase to the craft or class of signalmen alone. The Carriers have presented their arguments on the wage issue as though this Board had before it all of the major nonoperating railway labor Organizations. Before examining the detailed evidence and arguments on the wage issue, therefore, it is necessary for the Board to consider several basic questions and to explain its approach to the wage issue.

1. *The question of separate treatment of signal employees*

The first question to be determined is whether the Board should make any substantive recommendation on the wage demands of the signal employees alone. The Carriers have strongly urged that "The only feasible recommendation this Board can make in the circumstances is to defer the signalmen's request for a special adjustment to this later proceeding [resulting from the Carriers' wage proposal of June 17, 1963] involving all of the nonoperating crafts and classes." (Brief, p. 67.)

The Board recognizes the interrelationships of nonoperating wage rates and the traditional pressures for uniformity of wage adjustments. With due regard for the forcible arguments advanced by the Carriers, however, the Board deems it appropriate to give separate consideration to the Brotherhood's wage demand and to make a substantive recommendation for a wage adjustment, for the reasons which follow.

To begin with, the signal employees are entitled, as a legal right under the Railway Labor Act, as amended, to present separate demands and to bargain separately from other Organizations if they so desire. They have done so, and the resultant dispute has been referred by the President to this Emergency Board. The Board has the responsibility of making specific findings and recommendations on the issue before it unless there be clearly overriding considerations that speak out forcefully against such action. If a specific recommendation by this Board were to lead to serious instability in the collective bargaining relationships on the railroads, or to the imposition of an undue burden on the Carriers or on one or more of the remaining nonoperating Organizations, these could be reasonably construed as overriding considerations against specific wage recommendations by this Board. But in our judgment no such considerations are here involved.

The Board has no control over the definition of the issues which may be certified to it. This responsibility lies with the parties, who have elected to submit certain proposals and counterproposals, and perhaps to some extent with the procedures of the Railway Labor Act, whereunder agreements are very frequently made for indefinite periods, subject to the right of either party to serve notice of reopening at any time. Given these procedures and customary practices, isolation of closely related issues is always possible. Even if the Brotherhood had made no fringe demands in a separate proceeding, there would be nothing to prevent its doing so immediately after the conclusion of wage negotiations in the normal course of bargaining.

Further, this Board has no way of joining the Brotherhood in some other, more inclusive, wage proceeding. The Brotherhood has no wage proposals pending in other proceedings. And the Board has no way of knowing whether there will be joint handling of the current wage demands of the remaining 10 nonoperating Organizations. The Board could only recommend that the Brotherhood should defer its present demand and bargain in the light of other settlements.

Further, based on past experience, signal employees have every reason to expect that participation in a joint wage movement, or the submission of their present demands to joint handling, would defeat the central purpose they seek to achieve, namely to correct the wage inequities from which they suffer. If the Brotherhood were compelled to join with other Organizations, it could reasonably assume that it would be forced once again to accept a uniform cents-per-hour adjustment across the board, which would only perpetrate, and even aggravate, the present problem.

The Carriers also argue that any attempt at piecemeal adjustments of the wages of a single nonoperating group would be highly improper, for the reason that the Board has no basis in the record before it on

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which to judge the relative skills and responsibilities of the various crafts in the railroad industry; and it would be impossible to achieve, for the reason that the other Organizations will immediately demand the same adjustment.

The Board does not construe its responsibility to be the proper realinement of the wage structure of the nonoperating employees in the various crafts and classes. In the first place, the Board is not attempting to correct the inequities alleged by the Brotherhood in a single step. The Board's recommendations, as explained below, constitute but a first and modest step towards a widening of internal differentials which both parties agree have become unduly compressed. The recommended adjustment is also a first and modest step in the direction of narrowing differentials between the rates of skilled signalmen and signal maintainers on the railroads and the rates of comparable skills in other industries.

Secondly, this Board is not engaging in a systematic comparison of the skills, responsibilities, etc., of the signalmen with those of the other crafts or classes of nonoperating employees. Such a task is clearly beyond the scope of this Board's responsibiltiy, not only because of the statutory time limitations under which this Board must operate, but—more important—because no evidence has been presented to us comparing the job content of the signalmen and that of the other relevant crafts or classes.

The Board is in substantial agreement with the Carriers' contention that any attempt to establish the proper relationships of wages of skilled men in the railroads and in outside industry, would require a comprehensive job evaluation. This would necessitate a long-range program of joint action of all the various Organizations concerned, with agreement on the basic objectives. However, there seems little likelihood that such a program will be entertained by the parties in the immediate future. The nonoperating Organizations did not accept the limited recommendation of Emergency Board 145, made just 2 years ago, for the establishment of a tripartite committee

> 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. (Report of Emergency Board 145, p. 8.)

The indications are that the Organizations are perhaps even less favorably inclined towards this approach at the present time, and it is not at all clear to the Board that the Carriers are really so inclined.

The Carriers' wage proposal, as contained in its June 17th notices to all the nonoperating Organizations—to reduce the rates of employees below the composite average of nonoperating employees by 10 cents an hour and apply the "proceeds derived from these reductions" to the higher rated employees on each carrier—bears no discernible relationship to job evaluation. This proposal, if literally carried out, would not only accentuate present irrational differentials; it might destroy all semblance of order and uniformity of rates for comparable or identical jobs on the different carriers and create a chaotic pattern without any rational basis other than the mathematical fact that it produces an end result of an overall average increase of zero on each carrier. The adjustments made would vary among different crafts and different carriers depending on the relative numbers employed at various levels by the different carriers.

In summary, the Board does not accept the Carriers' contention that no action can or should be taken with respect to the Brotherhood's wage demand until such time as a full fledged job evaluation program covering all nonoperating employees has been launched. The Board believes it is possible to make a modest breakthrough towards the widening of internal differentials between skilled and unskilled rates, which are clearly too narrow, and towards the narrowing of external differentials between comparable skills which are clearly too wide. This can be done without waiting for, and without prejudice to, the more systematic program of wage adjustments which may be achieved in the future.

2. *The approach to the wage issue*

The Board recognizes that any wage increase here recommended will probably be sought by the other nonoperating Organizations. But this does not mean that the Board is barred from making any recommendations in the present case. It does mean that in making its wage recommendations, the Board must give careful consideration, among other things, to the fact that these recommendations may become a very important factor in the bargaining posture of the other nonoperating Organizations.

The Board does not accept the Carriers' basic contention that the only logical and equitable way to correct inequities resulting from compression of differentials is to reduce the wage rates of the lower paid employees, while increasing the higher rates. We are not persuaded that the situation requires action which would reduce the standard of living of the lower paid employees at a time when real wages of employees in industry generally are rising.

Moreover, when considered in terms of the signalmen's bargaining unit, the evidence does not reveal that the lower paid employees, namely the helpers, have received unduly great wage increases over the years or that their present rates are unduly high. The present hourly wage rate of signalmen helpers is $2.4648 in the Eastern Region and

$2.4448 elsewhere. Their average straight time hourly earnings are $2.45. The only data which the Carriers have presented relating to the comparative rates of unskilled labor in outside industry are the rates paid in various industries to janitors. It is true that the rates of signalmen helpers are considerably above the rates of janitors in many industries, but it is questionable indeed whether it is appropriate to compare helpers with janitors. The Department of Labor classifies signalmen helpers as semiskilled. The rates of signalmen helpers, as of helpers in other railroad crafts, are substantially above the rates paid to laborers, janitors, and cleaners on the railroads as well as in outside industries. A more appropriate comparison would be groundmen in electric utilities, who, although classified by the Department of Labor as unskilled, receive higher wage rates than the helpers, for the most part. And it has not been clearly established in the evidence before us that unskilled labor rates in other organized industries are substantially or consistently below the railroad levels. Average straight time earnings of major groups of railroad laborers, such as general laborers, section men and extra gang men, are $2.235 per hour. The unskilled hiring rate in the iron and steel industry is $2.285; at General Motors it is $2.50.

The Board notes that a similar proposal to reduce the wages of lower paid employees was rejected by Emergency Board No. 145 which considered the wage demand of the 11 nonoperating Organizations in 1962.

It should also be noted that the problem of compression of wage differentials between skilled and unskilled employees is by no means unique to the railroads. The same problem, although perhaps in lesser degree, has arisen in many industries during the postwar period in which general wage increases have been frequently granted as uniform adjustments in cents per hour. In recognition of the resultant compression of the wage structure, special adjustments to the higher skilled employees have been made in many industries. The Board knows of no major industry, and none has been suggested by the Carriers, in which compression of differentials of this nature has been corrected by reducing the wages of the lower paid workers.

B. The General Wage Increase

As noted above, the parties approach the issue of a general wage increase from fundamentally different points of view. The Brotherhood seeks to present the case for signal employees alone. Its claim is based primarily on increased skills and responsibilities and the compression of differentials. In making wage comparisons, the Brotherhood emphasizes the comparative wage rates of skilled employees in selected industries. The Carriers, on the other hand, have argued the merits of the wage issue as though this case involved all of the nonoperating Organizations. The Carriers give primary emphasis to the comparative wage progress of all nonoperating railroad employees and production workers in all manufacturing industries. In the Brotherhood's view, these considerations have little relevance to the main issue.

In the Board's judgment, the issue must be considered from both points of view. An increase in the wages of any craft or class of railroad labor may have an important effect on the wage settlements made with other railway labor organizations. The persistent demand for uniformity of wage adjustments on the part of both operating and nonoperating employees is one of the realities which this Board cannot ignore. Furthermore, the same considerations which would be applicable in a joint wage movement of nonoperating employees are pertinent to the present wage demand. The Brotherhood's proposal, it must be remembered, goes far beyond the adjustment of differentials for skilled employees. The Brotherhood proposes a general increase for all signal employees, applied as a percentage increase rather than in cents per hour. The principal effect of this proposal would be to raise the general wage level of signal employees. It would also serve to widen differentials within the signalmen's bargaining unit, although in relatively small degree.

1. *Comparative wage movements*

In the discussion of wage demands of nonoperating organizations, in this and many prior proceedings, a major portion of the evidence and argument has been addressed to the subject of comparative wage progress of nonoperating railway workers and employees in other industries. In the consideration of this subject, four principal subordinate questions have been raised: (1) the appropriate standard of comparison; (2) the proper base period from which to measure relative wage changes; (3) whether the earnings of nonoperating employees should be adjusted to reflect so-called wage equivalents; and (4) whether earnings should be adjusted to isolate the effects of changes in the composition of the labor force. These questions have been discussed at some length in the reports of prior Emergency Boards and it would serve no useful purpose for this Board to examine the issues in detail again.

In summary, the Carriers contend that the wage progress of nonoperating railroad employees should be compared to that of production workers in all manufacturing industries, measured from a base period in which the average straight time hourly earnings of both groups were approximately equal. For this purpose the Carriers suggest several base dates, particularly the years 1922–26, 1936, and 1941. The Brotherhood objects to the use of all manufacturing as a standard of comparison on the grounds primarily that it includes employees in unorganized industries and in areas of chronic poverty. It emphasizes several other comparisons, particularly the wage levels and wage increases of skilled employees in selected industries and major wage changes in collective bargaining settlements. The Brotherhood also contends that comparative wage progress should be measured from the levels of September 1949, the year 1959 or November 1958, the date of the last general increase under the 1956–59 agreement of the parties.

The Carriers contend that employer contributions to the health and welfare insurance plan should be treated as wage equivalents and included in the average earnings figures for nonoperating employees in the comparisons made with earnings in outside industry. The Brotherhood does not contest the treatment of health and welfare as wage equivalents in intraindustry comparisons, but strongly objects to its inclusion in wage comparison with other industries, unless health and welfare equivalents are included on both sides of the equation.

The Brotherhood maintains that earnings of nonoperating employees should be adjusted to reflect changes in the composition of the labor force; otherwise, the increase in their earnings is exaggerated as a result of the relative decline in the proportion of unskilled workers, especially during the past 10 to 15 years. The Carriers maintain that adjustments would have to be made in the manufacturing earnings series as a result of similar changes in the "group consist," as well as other factors; hence, adjustments should be made in the earnings figures for both groups or not at all.

The pertinence of these contentions will be more apparent upon review of the relative changes in average earnings of nonoperating railroad employees and manufacturing employees, especially during the past 15 years. These trends are presented in Tables 1 and 2 below. Table 1 shows the year-to-year changes in the average straight time hourly earnings of nonoperating employees and production workers in all manufacturing and in durable goods for the period from 1948 to 1963 and for selected earlier years. In general, the average hourly earnings of nonoperating employees were in fairly close balance with those of production workers in all manufacturing industries during the 1920's and 1930's. Manufacturing earnings were generally higher than railroad nonoperating earnings in the 1940's, reflecting in part the fact that manufacturing industries generally were then operating on a 40-hour week, whereas railroad nonoperating employees continued to work a 48-hour straight time workweek until September 1949.

TABLE 1.—*Average straight time hourly earnings*

Year	Nonoperating railroad employees	Production workers: All manufacturing	Production workers: Durable goods	Excess: Nonoperating employees over: All manufacturing	Excess: Nonoperating employees over: Durable goods
1922-26 average	$0.52	[1] $0.52	(2)	(3)	(2)
1936	.57	[1] .55	$0.58	0.02	−0.01
1941	.66	.69	.76	−.03	−.10
1948	1.19	1.29	1.35	−.10	−.16
1949	1.32	1.34	1.42	−.02	−.10
1950	1.48	1.39	1.46	.09	.02
1951	1.65	1.51	1.59	.14	.06
1952	1.73	1.59	1.68	.14	.05
1953	1.77	1.68	1.79	.09	−.02
1954	1.80	1.73	1.84	.07	−.04
1955	1.81	1.79	1.91	.02	−.10
1956	1.97	1.89	2.01	.08	−.04
1957	2.11	1.99	2.12	.12	−.01
1958	2.27	2.05	2.21	.22	.06
1959	2.37	2.12	2.28	.25	.09
1960	2.43	2.20	2.36	.23	.07
1961	2.47	2.25	2.42	.22	.05
1962	2.55	2.31	2.48	.24	.07
1963	2.57	2.37	2.54	.20	.03
1942–48 average	.92	1.00	1.08	−.08	−.16
1950–59 average	1.90	1.77	1.89	.13	.01
1960–63 average	2.51	2.28	2.45	.23	.06

[1] Average hourly earnings, including overtime.
[2] Not available.
[3] Even.

This relationship has clearly been reversed in the period from 1950 to the present day. Earnings of nonoperating employees have been consistently in excess of average earnings in all manufacturing from 1950 to 1963, and this differential has widened in more recent years. There has been a much closer approach to parity of earnings between nonoperating railroad employees and production workers in durable goods industries (and, of course, a correspondingly wider differential in terms of comparisons with nondurable goods).

The general increases which have been granted to nonoperating employees resulting from joint negotiations between the Carriers and the major nonoperating Organizations since 1949 are set forth in Table 2. This table also shows, opposite each of the major wage settlements, the average straight time earnings immediately before and after the effective date of the wage increase. (Two-month averages have been used to iron out the discrepancies which sometimes appear in the figures for particular months, due to the effect of differing numbers of actual workdays on the calculated hourly earnings of employees who are paid on a monthly or weekly basis.)

In September 1949 the workweek was reduced from 48 to 40 hours without loss in total weekly pay. This required a general increase of 20 percent in all hourly rates of pay, resulting in an average increase of 23.5 cents an hour.

TABLE 2.—*General wage increases and earnings comparison, 1949–63*

General increases—nonoperating employees (cents-per-hour)	Average straight time hourly earnings			
	Date	Non-operating employees	All manufacturing	Non-operating excess
I. 40-hour week, Sept. 1, 1949 (23.5 cents average increase).[1]	July-August 1949	$1.235	$1.345	(−0.11)
	September-October 1949	1.48	1.335	.145
II. 12.5 cents effective Feb. 1, 1951[2]	December 1950-January 1951	1.485	1.46	.025
	Febuary-March 1951	1.625	1.48	.145
4 cents effective Dec. 1, 1952 (Guthrie Award).				
13 cents net cost-of-living increases under escalator clause to Oct. 1, 1953.	October 1953	1.78	1.70	.08
III. (2 cents health and welfare wage equivalent effective Feb. 1, 1955).[1]				
IV. 14.5 cents effective Dec. 1, 1955 (2 cents health and welfare wage equivalent effective Mar. 1, 1956).[1]	October-November 1955	1.81	1.82	(−.01)
	December 1955-January 1956	1.96	1.835	.125
V. 10 cents effective Nov. 1, 1956 (2.5 cents health and welfare wage equivalent effective Nov. 1, 1956).[2]	September-October 1956	1.96	1.915	.045
	November-December 1956	2.06	1.94	.12
7 cents effective Nov. 1, 1957.				
7 cents effective Nov. 1, 1958.				
17 cents net cost-of-living increase under escalator clause to May 1, 1960.				
VI. 5 cents effective July 1, 1960 (5.85 cents health and welfare wage equivalent effective Mar. 1, 1961).[1]	May-June 1960	2.40	2.19	.21
	July-August 1960	2.46	2.19	.27
VII. 4 cents effective Feb. 1, 1962[1]	December 1961-January 1962	2.47	2.305	.165
6.28 cents effective May 1, 1962[1]	May-June 1962	2.565	2.31	.255
	May 1963	2.56	2.37	.19
	December 1963	2.57	2.41	.16
	January 1964 (preliminary)	2.57	2.43	.14

[1] Wage settlement following Emergency Board recommendation.
[2] Negotiated agreement without Emergency Board recommendation or arbitration award.

Since 1949 there have been five basic wage agreements, three of which followed upon Emergency Board proceedings and two of which resulted from direct negotiations of the Carriers and the cooperating nonoperating Organizations without resort to arbitration or Emergency Boards. In addition to the uniform general increases granted during this period, there have been:

(a) A general increase of 4 cents in December 1952 under an arbitration award pursuant to a special reopening provision in the 1951–53 agreement;

(b) Cost-of-living adjustments under escalator clauses in the 1951 and 1956 agreements, yielding net increases of 13 cents an hour in the period from April 1, 1951, to October 1, 1953, and 17 cents an hour from May 1, 1957, to May 1, 1960; and

(c) Health and welfare insurance provisions, treated as wage equivalents by the parties, totaling 12.36 cents per hour.

It will be noted that average earnings in all manufacturing industries approached parity with the earnings of nonoperating employees at three times during the period since September 1949 (January 1951, November 1955, and October 1956). As this occurred, however, nonoperating railroad negotiations led to general increases which served to restore differentials in favor of the railroad employees.

It is also notable that two of the "wage movements" in the decade of the 1950's resulted in negotiated increases without the intervention of Emergency Board or arbitration proceedings. Each of these agreements provided a moratorium on contract reopenings for further general wage increases for a substantial period. The agreement effective February 1, 1951, included a moratorium on general wage changes until October 1, 1953, subject to a proviso permitting either party to request a reopening in the event that government wage stabilization policies should permit "annual improvement wage increases."

Requests were made by the railroad labor organizations, both operating and nonoperating, for further increases pursuant to this reopening clause, leading to the arbitration award of referee Paul N. Guthrie, which directed a general increase of 4 cents an hour effective as of December 1, 1952.

In 1956 the Carriers and 11 cooperating nonoperating Organizations entered a 3-year agreement providing for a general increase of 10 cents an hour, plus health and welfare improvements equivalent to 2.5 cents an hour, effective November 1, 1956, and additional increases of 7 cents an hour, to become effective on November 1, 1957, and November 1, 1958.

The agreements of 1951 and 1956 each contained provisions for semiannual cost of living adjustments based on the BLS Consumer Price Index. These two agreements (the only agreements arrived at through direct negotiations of the parties since 1937) established, by their terms, the wage levels of nonoperating employees for periods of 32 and 36 months, respectively.

In the interval between November 1, 1958, the date of the last general increase negotiated under the 1956 agreement (apart from increases under the cost of living escalator clause) and the Brotherhood's wage reopening in February 1963, there were two movements for general wage increases to nonoperating employees. Disputes resulting from these demands of the 11 cooperating nonoperating Organizations were referred to Emergency Boards Nos. 130 and 145. Emergency Board No. 130 recommended a general increase of 5 cents an hour, effective July 1, 1960. It also recommended various improvements in the health and welfare plan, effective as of March 1, 1961, the net effect of which has since been computed by the Carriers as the equivalent of 5.86 cents per hour per employee. In its recommendation, Emergency Board 130 stated:

> The Board's recommendations on the health and welfare issues are made in lieu of a recommendation for a further general wage increase, effective in early

1961, the recommended additional contributions by the Carriers to the health and welfare program being regarded by the Board as wage equivalents.

Emergency Board No. 145 recommended a general increase of 4 cents an hour, effective February 1, 1962, and a further increase of 2½ percent, effective May 1, 1962. The nonoperating Organizations did not accept the recommendation for an increase in percentage form and the 2½ percent was converted to an equivalent uniform increase of 6.28 cents an hour, based on the average earnings of all nonoperating employees.

Both of the preceding Emergency Boards held that no increase was justified on the basis of comparative wage progress of employees in all manufacturing or in durable goods, as measured by changes in average straight time hourly earnings. The recommendations of both Boards were based in part on anticipated future wage increases in outside industries.

While Emergency Board No. 145 did not specify any single criterion on which its wage recommendations were based, it is clear that the initial increase of 4 cents an hour, effective February 1, 1962, was held to be justifiable on the basis of cost-of-living increases since the last general wage increase. It was also approximately equal to the "lag" which the Board found in nonoperating earnings as compared with median increases negotiated in collective bargaining settlements during the years 1960 and 1961. By any of the various measures of comparative wage changes which Emergency Board No. 145 considered, the initial increase of 4 cents sufficed to restore the balance between nonoperating employees and outside industries.

In its analysis of comparative wage increases in 1960 and 1961, Emergency Board No. 145 included the increase in health and welfare benefits effected March 1, 1961, pursuant to recommendations of Emergency Board No. 130, as the equivalent of a wage increase. The Board stated:

> 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. (Report, p. 15.)

Emergency Board No. 145 also recommended that the parties refrain from seeking further wage changes until May 1, 1963. The additional increase of 2½ percent which this Board recommended, effective May 1, 1962 (which the parties converted to 6.28 cents per hour), was clearly predicated on anticipated wage increases in other industries during the period of the moratorium. The Board stated:

> 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 employees abreast of employees in outside industry in the matter of wage changes between May 1962 and May 1963. (Report of Emergency Board 145, p. 19.)

Another indication of comparative wage progress may be found in the surveys of the Bureau of Labor Statistics on collective bargaining settlements. The report for the year 1963 [6] covered a total of 7.9 million employees. The average (median) increase for the 3.6 million who were covered by wage agreements concluded during that year was 3.1 percent. The median increase was 3.4 percent for the 2.7 million employees (included within the 3.6 million) who received some increase. Measured in cents per hour, the median increases ranged from 7 to 9 cents.

It should be noted that the median increases reported do not include cost-of-living increases under escalator clauses or deferred increases to 2.9 million employees under agreements negotiated in prior years. Also, the increases reported in any given year reflect the increases negotiated in long-term contracts during the year in question, and exclude other long-term agreements which were not subject to reopening on wages.

In general, median increases reflected in collective bargaining settlements show a higher figure, as is to be expected, than the year-to-year change in average straight time hourly earnings, although the difference amounted to only 1 or 2 cents an hour in the period from 1955 to 1963.[7]

The foregoing review of the facts concerning wage movements and comparative wage progress does not show the separate earnings figures for signal employees, nor the adjustments which might be made to reflect changes in "group consist." Suffice it to say that the average earnings of signal employees is currently 17 cents above those of nonoperating employees as a whole ($2.74 as against $2.57), and this has been the approximate relationship over the years since 1950. Adjustment of average straight time earnings for changes in group consist since 1950 would reduce the overall increase since 1950 by approximately 6 cents for all nonoperating employees, or 4 cents for signal employees. Addition of health and welfare "wage equivalents" would raise the present figures, and the increase since 1950, by 12.36 cents.

The Board's conclusions with respect to the comparative wage progress of nonoperating railroad employees and employees in outside

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[6] B.L.S. release, "Major Wage Developments, 1963" issued Jan. 28, 1964.
[7] B.L.S. release, "General Wage Changes, 1954–62" issued Oct. 3, 1963.

industries may be summarized as follows: The Board does not believe that the wage progress of nonoperating railroad employees must be considered in terms of any single or exclusive standard of comparison. Various comparative measures have been considered, including the movements of earnings in all manufacturing and in durable goods, and the increases resulting from collective bargaining settlements in the organized sector of American industry. None of these comparative standards is perfect; all are subject to valid objections or criticism; but all may be considered among the relevant guides in the difficult problem of determining fair and equitable wage adjustments.

The Board does not accept the Carriers' contention that wage progress should be measured from a base period prior to the 1950's. Whatever the relationships between railroad and manufacturing employees may have been in earlier decades, it is clear that vast changes have taken place in railroad operations, technology and organization, and in the composition of the labor force, during the postwar period. Moreover, it was not until September 1949 that nonoperating employees were on a 40-hour week.

The Board also rejects the companion proposition that earnings of nonoperating employees must be restored to parity with earnings in all manufacturing industries. If there is any "normal" relationship between the earnings of nonoperating and manufacturing employees, it is clearly one in which the earnings of nonoperating employees are higher.

The Board believes that the appropriate base from which to measure comparative wage progress, in the circumstances of this case, is May 1, 1963. This conclusion is based on the express findings of the past two Emergency Boards, Nos. 130 and 145, as related above. Both Boards reviewed the progress of average earnings of nonoperating railroad employees and employees in manufacturing industries from various base periods since 1949, and found that no increase could be justified on this basis. Emergency Board No. 145 recommended an increase of 2½ percent (6.28 cents) on the basis of anticipated wage increases in the year ahead. The prediction proved quite accurate. From May 1962 to May 1963, average straight time hourly earnings increased 6 cents in all manufacturing, and 7 cents in durable goods.

From May 1963 to December 1963, average straight time hourly earnings of production workers in all manufacturing and in durable goods increased 4 cents an hour. The average for nonoperating employees increased by 1 cent. Preliminary figures, not available at the time of the wage hearings, show that the average for manufacturing and durable goods increased another 2 cents as of January 1964. Accordingly, based on the latest information available to the Board, average straight time earnings of manufacturing employees have increased 6 cents an hour since May 1963.

Since we have adopted May 1, 1963, as the appropriate base date for wage progress comparisons, there is no need for the Board to consider the question of adjusting the earnings of nonoperating employees for changes in group consist. This factor could hardly be of any appreciable significance in so short a period.

It is also unnecessary for this Board to make any findings on the question whether employer contributions to health and welfare plans should be treated as wage equivalents in making interindustry comparisons. There have been no changes in health and welfare benefits of nonoperating employees since May 1963. No proposals relating to these benefits have been presented in this proceeding, and the Board has made no findings or assumptions, one way or the other, concerning this subject in arriving at its wage recommendations.

2. *Cost of living*

Emergency Board 145 corrected the average straight time hourly earnings of the nonoperating employees for the changes in the cost of living, as of February 1962. Between February 1962 and January 1964 the Consumer Price Index rose 2.76 percent. But since the nonoperating employees received a wage increase of 6.28 cents, effective May 1, 1962, the wage lag, as of January 1964, in terms of changes in the cost of living, was only 0.7 cents. From May 1963 to January 1964 the Consumer Price Index increased 1.4 percent, which would spell a lag of 3.58 cents in the wages of the nonoperating employees. Still using the Consumer Price Index as a guidepost, the wages of the signal employees lagged 1.11 cents (February 1962 base) and 3.82 cents (May 1963 base).

3. *Productivity*

The evidence clearly discloses that over the years labor productivity on the railroads (output per man-hour) has risen more rapidly than in American industry generally. But it would be improper to rely on that fact as a wage determination criterion here. For to the extent that productivity should be a factor in wage determination, it is *national* productivity—not productivity in a given industry—that is the relevant criterion. And the President's Council of Economic Advisers has recommended a guidepost in that context—namely, that the progress of wages should keep pace with changes in national productivity, subject to certain modifications. According to the Council, that is a noninflationary wage guidepost. And if both its wage and price guideposts were followed, it would result in real wages rising commensurately with increases in national productivity, subject only to the aforesaid modifications.

National productivity increased 3.5 percent in 1963 relative to 1962. And the national trend productivity [8] in 1963 was 3.2 percent. Moreover, the Consumer Price Index rose 1.3 percent in 1963. Our recommendation of an hourly increase of 6 cents is therefore well within the limits suggested by the Council of Economic Advisers, even after full account is taken of the guidepost modifications set forth by the Council.

4. *Financial and economic conditions*

Clearly the rate of profit in the railroad industry has been far from satisfactory in many past years. But the industry's financial and economic condition has shown significant signs of improvement in recent years—a fact noted by other Emergency Boards. Thus, Emergency Board No. 145 stated in 1962:

> . . . 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. (Report, p. 18.)

And 1 year later, Emergency Board No. 154 was able to state:

> We are mindful also of the necessity for progress in the railroad industry, for efficiency in order to meet the challenge of competing industries. We were impressed with the evidence submitted to us that the vitality and earning capacity of the railroads as a whole are improving, that the productivity of its workers is rising at a rapid rate, and that the industry can face the future with confidence and even optimism. (Report, p. 3.)

These predictions have been confirmed by subsequent developments. And on the basis of the evidence now available to this Board, there is a reasonable probability that this recent improvement in the financial and economic condition of the Nation's railroads will continue into the foreseeable future. In the light of the foregoing considerations, the wage increase we are here recommending—even if it is immediately sought by the other nonoperating Unions, as the Carriers claim—will not impose an undue cost burden on the Carriers.

5. *Effective date*

The Board is mindful of the long passage of time since the Brotherhood first served its notice on February 1, 1963, requesting a 25 percent wage increase, to become effective May 1, 1963. To a large extent, perhaps, these delays are inherent in the procedures of resolving railway labor disputes and are not to be viewed as the fault of either

[8] "Trend productivity" is defined by the Council of Economic Advisers as, "the annual average percentage change in output per man hour during latest five years."

party. The Brotherhood is entitled to the fullest consideration in its quest for retroactive payment of whatever increase is finally agreed to by the parties. On the other hand, we belive it would be much too great a burden on the carriers to acquire retroactive pay over so long a period.

In the judgment of the Board the equities will be best served by making the wage increases herein recommended effective as of January 1, 1964. We so recommend.

Recommendations

We recommend that the parties agree to an increase of 6 cents per hour for all employees represented by the Brotherhood of Railroad Signalmen, effective January 1, 1964.

C. The Skill Inequity

Both parties agree that there have been significant technological changes in railroad signaling during the past several decades. True, as the Carriers argue, improved technology does not necessarily result in a corresponding increase in skill and responsibility. In fact, some technological improvements may actually reduce skill requirements. However, in the judgement of this Board, the technological changes in signaling over the years have raised the skill and responsibility requirements of the signalmen.

It is inaccurate to aver, as do the Carriers, that because the principles underlying the modern signaling devices have been known for many years, the skill and responsibility of the signalmen is no greater today than it was 30 or 40 years ago. To begin with, it is highly questionable whether some of the principles used in modern signaling devices were known three or four decades ago. But furthermore—and this is the significant point—even if they were known, they were not applied to the various devices that the signalmen installed, maintained, and repaired. And therefore the signalmen did not have to exercise the same degree of skill and responsibility that they do now.

However, even if one were to grant the Carriers' contention that the skill and responsibility requirements of the signalmen's work has not increased over the years, there is no denying the fact that the signalmen are skilled employees. The Carriers themselves have so admitted. Furthermore, the Department of Labor ("Dictionary of Occupational Titles") classifies the signalmen as skilled. And in the Department of Labor's "Occupational Outlook Handbook," the nature of the work performed by signalmen and signal maintainers is described as follows:

> Workers in railroad signal departments construct, install, maintain, and repair the signaling systems which control the movement of trains and assure the safety of railroad travel.

One group of skilled workers, known as signal maintainers, is responsible for keeping wires, lights, switches, and other controlling devices in good operating condition. The work requires a thorough practical knowledge of electricity and considerable mechanical skill. Work on the newer signaling systems also requires a knowledge of electronics.

A second skilled group, known as signalmen, generally has the same skills and knowledge required of maintainers, but is primarily concerned with constructing and installing new signals and signal systems. Signalmen work as members of crews which also include unskilled and semiskilled workers.

Finally, under General Order 27 of the Director General of Railroads, as supplemented in 1920—which both parties have referred to as the last time when there was a systematic classification of the various skilled crafts of railroad labor—signalmen and signal maintainers were placed in the category of electrical workers, first class, and received the same hourly rate as shop crafts employees in the journeymen or mechanics category.

The crucial question here, therefore, is this: How do the signalmen's wages compare with those of similar crafts in outside industry, whether viewed in terms of historical change or current levels? To that question we now turn.

The Brotherhood presented data, reproduced in Table 3, showing the movement and level of signalmen's wages in relation to electricians employed in certain manufacturing industries and building construction. The Carriers did not challenge the Brotherhood's testimony on the comparability of these crafts. It is evident from this table that the wages of signalmen have lagged considerably behind those of the crafts listed.

TABLE 3.—*Wage rates for signalmen and for comparable crafts in outside industry*

Craft and industry	Hourly wage rate, Sept. 1949	Current hourly wage rate	Amount of increase	Percentage increase
Signalmen	$1.75	$2.7528	$1.0028	57.3
Electricians, Bethlehem Atlantic Shipyards	1.57	[1] 3.11	1.54	98.1
Elevator constructors, building trades	[2] 2.45	[3] 4.26	1.81	73.9
Electricians, building trades	[2] 2.49	[4] 4.55	2.06	82.7
Electricians, Pacific Coast, shipbuilding	1.75	[5] 3.18	1.43	81.7
Electricians, Class 16, U.S. Steel Corp	1.86	3.265	1.405	75.5
Electricians, Class 17, Armour & Co	1.660	[6] 3.285	1.625	97.9
Electricians, Grade 12, International Harvester Co	1.71–1.87	[4] 3.29–3.45	1.58	92.4–84.5
Electricians and electronic mechanics, Grade 1, Lockheed Aircraft Corp	[7] 1.70–1.95	[4] 3.18–3.45	1.48–1.50	87.1–76.9

[1] As of August 1963.
[2] As of July 1949.
[3] As of July 1962.
[4] As of October 1963.
[5] As of July 1963.
[6] As of Sept. 1, 1963.
[7] As of Nov. 28, 1949.

Furthermore, unionized electricians and linemen in electric utilities in all parts of the country have received significantly greater wage increases—both absolutely and percentage-wise—than the signalmen during the same period. For example, electricians and linemen employed by the Pacific Gas and Electric Co. each received an hourly rate of $1.925 as of September 1949; by July 1963 this rate had risen to $3.76—an increment of $1.835 or 95.3 percent. Again, and still by way of illustration, electrical mechanics A and linemen employed by Commonwealth Edison received hourly rates of $2.10 and $2.11, respectively, as of September 1949; each of these rates had reached the figure of $3.87 by April 1963—a rise of $1.77 or 84.3 percent for the electric mechanics A, and $1.76 or 83.4 percent for the linemen.

As already indicated, signalmen are skilled employees who are entrusted with considerable responsibility. Whether the skill and responsibility requirements of the signalmen are *identical* with those of electricians and linemen in public utilities, and with those of electricians in various manufacturing industries and construction, is a debatable point. But it is clearly certain that the differences in skill and responsibility—if any—are not nearly as great as are the wage differences, whether these wage differences be measured in terms of historical change or current levels.

It is evident from the preceding considerations that the signalmen do suffer from a serious wage inequity. And in the light of all the relevant and material facts and circumstances, we conclude that a wage increase of 4 cents per hour, over and above the 6 cents hourly wage increase for all signal employees, is fully warranted.

Recommendation

We recommend that the parties agree to an increase of 4 cents per hour, over and above the 6-cent hourly increase recommended above, for all Signalmen, Signal Maintainers, and all other equal or higher rated employees represented by the Brotherhood of Railroad Signalmen, effective January 1, 1964.

THE RULES ISSUES

On or about February 22, 1963, the Carriers served notices on the Brotherhood of Railroad Signalmen of various proposals related to work rules and compulsory retirement. These proposals, which have been referred to as "the rules proposals," have been reproduced in the section entitled *History of the Dispute*, above.

The Board heard testimony concerning the rules proposals on March 5 and 6, 1964. The Carriers explained the nature of the rules proposals, the purposes to which they were addressed, and the historical development of decisions of Referees serving on the National Railroad Adjustment Board which, in the Carriers' opinion, have interpreted and applied the railroad labor agreements in a manner contrary to their intended meaning and purpose.

After consideration of these proposals and the preliminary testimony of the Carriers' witness, it was the judgment of the Board that it would be inappropriate, and virtually impossible, to consider and deal fairly and constructively with the Carriers' counterproposals in this proceeding. Many of these proposals, by their nature, involve the interests and relationships of other crafts and classes of railway labor; for example, an important feature of these proposals concerns managerial freedom to cross craft lines in the assignment of work. Furthermore, as explained earlier in this report (see *The Setting of the Dispute*, above) substantially the same proposals were included in the notices served by the Carriers on the shop craft Organizations in November 1962, and in the notices served by the Carriers on all 11 nonoperating Organizations, including the Brotherhood of Railroad Signalmen, on June 17, 1963. In other words, and unlike the situation presented by the Brotherhood's wage proposal, the Carriers' rules proposals will be the subject of negotiation, and possible Emergency Board proceedings, in a larger forum in which the interests and interrelationships of the various nonoperating Organizations may be considered.[9]

Moreover, the Carriers' proposals of June 17, 1963, were made in response to various proposals which the nonoperating Organizations submitted on May 31. These included proposals of the Brotherhood and several other nonoperating Organizations concerning stabilization of employment and protection of employees in the event of transfer or displacement. These are matters closely related to the Carriers' rules proposals and it would seem highly desirable that they be considered together in any future proceedings.

For these and other reasons, the Board made a formal recommendation to the Carriers that the counterproposals contained in their notices of February 1963 be withdrawn from this proceeding, without prejudice to the position which the Carriers may advance in other proceedings involving any or all of the nonoperating Organizations, including the Brotherhood of Railroad Signalmen.

After consideration of the Board's recommendation, the Carriers agreed to withdraw the notices of counterproposals which they had served on the Brotherhood in February 1963. These notices were withdrawn on the understanding and upon stipulation by the Brotherhood "that such withdrawal is without prejudice and that the Carriers are making the withdrawal without in any way receding from their

[9] As noted above, the rules dispute between the Carriers and the 6 shop craft Organizations was referred to an Emergency Board on Mar. 17, 1964.

position that they are entitled to all of the relief proposed in the Section 6 notices." (Transcript, p. 2745.)

SUMMARY OF RECOMMENDATIONS

The Board recommends that the parties agree to a general wage rate increase of 6 cents per hour for all employees represented by the Brotherhood of Railroad Signalmen, effective January 1, 1964.

The Board further recommends that the parties agree to an additional increase of 4 cents per hour for all Signalmen, Signal Maintainers, and all other equal or higher rated employees represented by the Brotherhood of Railroad Signalmen, effective January 1, 1964.

Respectfully submitted.

MICHAEL B. DEANE, *Member.*
JOSEPH SHISTER, *Member.*
JAMES C. HILL, *Chairman.*

WASHINGTON, D.C., *April 3, 1964.*

APPENDIX A

EXECUTIVE ORDER NO. 11135

CREATING AN EMERGENCY BOARD TO INVESTIGATE DISPUTES BETWEEN THE CARRIERS REPRESENTED BY THE EASTERN, WESTERN AND SOUTHEASTERN CARRIERS' CONFERENCE COMMITTEES, AND CERTAIN OF THEIR EMPLOYEES

WHEREAS disputes exist between the 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 Brotherhood of Railroad Signalmen, a labor organization; and

WHEREAS these disputes have not heretofore been adjusted under the provision of the Railway Labor Act, as amended; and

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

NOW, THEREFORE, by virture 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 these disputes. 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 finding to the President with respect to the disputes 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 carriers represented by the Eastern, Western and Southeastern Carriers' Conference Committees, or by their employees, in the conditions out of which the disputes arose.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *January 3, 1964.*

LIST A

Eastern Railroads

Akron, Canton & Youngstown Railroad
Ann Arbor Railroad Company
Baltimore & Ohio Railroad Company
    B. & O. Chicago Terminal Railroad Company
    Staten Island Rapid Transit Railway Company
Bangor & Aroostook Railroad
Bessemer & Lake Erie Railroad Company
Boston & Maine Railroad
Canadian National Railways (New England States)
Canadian Pacific Railway Company (Maine and Vermont)
Central R.R. Company of New Jersey
    New York & Long Branch Railroad
Central Vermont Railway, Inc.

Cincinnati Union Terminal Company
Dayton Union Railway Company
Delaware & Hudson Railroad Corporation
Detroit & Toledo Shore Line Railroad Company
Detroit Terminal Railroad Company
Detroit, Toledo & Ironton Railroad Company
Erie-Lackawanna Railroad Company
Grand Trunk Western Railroad Company
Indianapolis Union Railway Company
Lehigh & Hudson River Railway Company
Lehigh Valley Railroad Company
Long Island Rail Road Company
Maine Central Railroad Company
    Portland Terminal Company
Monon Railroad Company
Monongahela Railway Company
New York Central System
    New York District (Inc. Grand Central Terminal) (Lines East)
    Eastern District (Including B. & A. Division) (Lines East)
    Western District (Lines West)
        Cleveland Union Terminals Co.
    Northern District (Michigan Central)
    Southern District (C.C.C. & St. L.)
    Indiana Harbor Belt Railroad Company
    Troy Union R. R. Company
New York, Chicago & St. Louis Railroad Company
New York, New Haven & Hartford Railroad Company
    Boston Terminal Company
New York, Susquehanna & Western Railroad Company
Pennsylvania Railroad Company
Pennsylvania-Reading Seashore Lines
Pittsburgh & West Virginia Railway Company
Port Authority Trans-Hudson Corporation [1]
Reading Company
Washington Terminal Company
Western Maryland Railway Company

Western Railroads

Alton & Southern Railroad
Atchison, Topeka & Santa Fe Railway
    Gulf, Colorado & Santa Fe Railway
    Panhandle & Santa Fe Railway
Belt Railway Company of Chicago
Chicago & Eastern Illinois Railroad
Chicago & Illinois Midland Railway
Chicago & North Western Railway Company (Inc. C. St. P.M. & O.)
Chicago & Western Indiana Railroad
Chicago, Burlington & Quincy Railroad
Chicago Great Western Railway
Chicago, Milwaukee, St. Paul & Pacific Railroad
Chicago, Rock Island & Pacific Railroad

[1] See footnote at end of list of carriers.

Colorado & Southern Railway
Denver & Rio Grande Western Railroad
Denver Union Terminal Railway
Elgin, Joliet & Eastern Railway
Ft. Worth & Denver Railway
Galveston, Houston & Henderson Railroad
Great Northern Railway
Green Bay & Western Railroad
    Kewaunee, Green Bay & Western Railroad
Houston Belt & Terminal Railway
Illinois Central Railroad
    Paducah & Illinois Railroad
Joint Texas Division of C.R.I. & P. Railroad and Ft. W. & D. Ry.
Kansas City Southern Railway
    Louisiana & Arkansas Railway
Kansas City Terminal Railway
Missouri-Kansas-Texas Railroad Company
Missouri Pacific Railroad
    Southern & Western Districts
    Gulf District
    Union Railway (Memphis)
Northern Pacific Railway
Pacific Electric Railway [1]
Peoria & Pekin Union Railway
St. Louis-San Francisco Railway
    St. Louis, San Francisco & Texas Railway
St. Louis Southwestern Railway
Soo Line Railroad
Southern Pacific Company (Pacific Lines)
Southern Pacific Company—Texas and Louisiana Lines (T. & N.O.)
Spokane, Portland & Seattle Railway
    Oregon Electric Railway
    Oregon Trunk Railway
Terminal Railroad Association of St. Louis
Texas & Pacific Railway
Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans
Toledo, Peoria & Western Railroad
Union Pacific Railroad
Union Terminal Company (Dallas)
Wabash Railroad
Western Pacific Railroad

Southeastern Railroads

Atlanta & West Point R.R. Company
Western Railway of Alabama
Atlantic Coast Line Railroad
Birmingham Terminal Company [1]
Chattanooga Station Company [1]
Central of Georgia Railway Company [1]
Chesapeake & Ohio Railway Company

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[1] See footnote at end of list of carriers.

Clinchfield Rail Road Company
Florida East Coast Railway [1]
Georgia Railroad
Gulf, Mobile & Ohio Railroad Company
Jacksonville Terminal Company
Kentucky & Indiana Terminal Railroad
Louisville & Nashville Railroad
Norfolk & Western Railway Company
Richmond, Fredericksburg & Potomac Railroad Company
Seaboard Air Line Railroad
Southern Railway [1]
 Alabama Great Southern
 Cincinnati, New Orleans & Texas Pacific
 Georgia Southern & Florida
 Harriman & Northeastern
 New Orleans & Northeastern
 New Orleans Terminal Company
 St. Johns River Terminal Company

NATIONAL MEDIATION BOARD,
Washington, January 17, 1964.

CASE NO. A–6967

Mr. J. E. WOLFE,
Chairman, National Railway Labor Conference.
Mr. J. J. GAHERIN,
Chairman Executive Committee, Bureau of Information of the Eastern Railways.
Mr. E. H. HALLMAN,
Chairman, Committee on L.R., Association of Western Railways.
Mr. C. A. MCREE,
Chairman, Southeastern Carriers' Conference Committee.
Room 474 Union Station,
517 West Adams St.,
Chicago 6, Ill.

Mr. JESSE CLARK,
President, Brotherhood of Railroad Signalmen, Hamilton Hotel, Washington, D.C.

GENTLEMEN: Reference is made to NMB Case No. A–6967 Eastern, Western and Southeastern Carriers' Conference Committees and the Brotherhood of Railroad Signalmen which is now standing before Emergency Board No. 159.

We have made a recheck of the list of carriers which were certified to the President by the National Mediation Board, represented by the Eastern, Western and Southeastern Carriers' Conference Committees, as being parties to the proceedings before this Emergency Board. This recheck has developed the fact that several carriers should not have been shown on the list of carriers accompanying the certification to the White House.

These carriers, under NMB Case No. A–6967, are as follows:

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[1] These companies were withdrawn from the list of carriers referred to this Emergency Board for the reasons indicated in the Mediation Board's letter of Jan. 17, 1964, reproduced below.

Eastern Region

Sub. 34—Port Authority Trans Hudson Corp,

This file shows President Clark, in letter dated July 23, 1962, agreed that conferences on this carrier are in recess status and the case file is still open.

Western Region

Sub. 89—Pacific Electric Railway Co.

Letter from President Clark dated June 20, 1963, states he is willing to consider conferences on this carrier in recess status and the case is still open.

Southeastern Region

Sub. 48—Florida East Coast Railway Co.

This carrier did not authorize a committee to represent it in this dispute.

Sub. 59—Southern Railway Company, including
The Cincinnati, New Orleans & Texas Pacific Railway Co.
Alabama Great Southern Railroad Company
Georgia Southern & Florida Railway Company
Harriman & Northeastern Railroad Company
New Orleans Terminal Company
St. Johns River Terminal Company
New Orleans & Northeastern Railroad Company

Sub. 43—Birmingham Terminal Co.

Sub. 44—Chattanooga Station Co.

Sub. 45—Central of Georgia Railway Co.

These carriers did not authorize a committee to represent them in this dispute.

The carriers listed above in the Southeastern Region as not authorizing the Southeastern Regional Committee to represent them were shown on the list of carriers certified by this Board to the President in error. At that time the Board had not been furnished with the list of carriers which had authorized the three Regional Committees to represent them. This was done only after the Emergency Board had been created by Executive Order No. 11135.

The Board's proffer of arbitration in NMB Case No. A–6967, made October 25, 1963, was addressed to the organization and the representatives of the National Railway Labor Conference and the Eastern, Western, and Southeastern Carriers' Conference Committees. It follows that no offer of arbitration has yet been made to the carriers listed above and these cases are still on the Board's open docket.

Since the Port Authority Trans Hudson Corporation, Sub. 34, and the Pacific Electric Railway Company, Sub. 89, disputes are in recess by mutual agreement, it is assumed the parties will enter into direct negotiations upon completion of the Emergency Board proceedings.

The National Mediation Board will give mediation to the Florida East Coast Railway, Sub. 48 dispute at a later date.

Mediation conferences have been held and handling recessed on October 7, 1963 on the disputes involving Southern Railway Company and subsidiaries, Sub. 59; Birmingham Terminal Company, Sub. 43; Chattanooga Station Company, Sub. 44 and Central of Georgia Railway Company, Sub. 45. Mediation of these cases will be resumed at a later date.

Copy of this letter is being sent to the Chairman and Members of Emergency Board No. 159 for their information and record, also to the designated officers of the carriers named above.

Very truly yours,

(S) E. C. Thompson,
E. C. THOMPSON,
Executive secretary.

cc-to:

JAMES C. HILL, *Chairman EB 159*
JOSEPH SHISTER, *Member EB 159*
MICHAEL DEANE, *Member EB 159*
LESTER P. SCHOENE, Esq., *Counsel for BRS*
JOHN D. FOSTER, *Pers. Dir., Pt. Authority T–H Corp.*
L. R. MCINTIRE, *Mgr. Pres., Pac. Electric*
R. W. WYCKOFF, *Asst. VP, FEC*
L. G. TOLLESON, *Asst. VP, Southern*

APPENDIX B

THE WHITE HOUSE,
Washington, January 29, 1694.

DEAR MR. CHAIRMAN: This is to inform you that the President approves the recommendation of the National Mediation Board for an extension of time permitting Emergency Board No. 159, created by Executive Order No. 11135, of January 3, 1964, to file its report and recommendations not later than March 3, 1964, inclusive.

Sincerely,

(S) Ralph A. Dungan,
RALPH A. DUNGAN,
Special Assistant to the President.

Hon. FRANCIS A. O'NEILL, Jr.,
Chairman, National Mediation Board,
Washington, D.C.

THE WHITE HOUSE,
Washington, February 25, 1964.

DEAR MR. CHAIRMAN: This is to inform you that the President approves the recommendation of the National Mediation Board for an additional extension of time permitting Emergency Board No. 159, created by Executive Order No. 11135, of January 3, 1964, to file its report and recommendations not later than April 3, 1964, inclusive.

Sincerely,

(S) Ralph A. Dungan,
RALPH A. DUNGAN,
Special Assistant to the President.

Hon. FRANCIS A. O'NEILL, Jr.,
Chairman, National Mediation Board,
Washington, D.C.

APPENDIX C

APPEARANCES FOR THE EMPLOYEES

Jesse Clark, president, Brotherhood of Railroad Signalmen.
Carl K. Fields, vice president, Brotherhood of Railroad Signalmen.
T. H. Gregg, vice president, Brotherhood of Railroad Signalmen.
C. J. Chamberlin, secretary-treasurer, Brotherhood of Railroad Signalmen.
Ellsworth L. Abbott, editor and manager, Signalmen's Journal.
Eli L. Oliver, Labor Bureau of the Middle West, economic advisor.
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Western Carriers' Conference Committee:

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Southeastern Carriers' Conference Committee:

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