Report

TO

THE PRESIDENT

BY

EMERGENCY BOARD No. 167

APPOINTED BY EXECUTIVE ORDER NO. 11291 DATED JULY 27, 1966, PURSUANT TO SECTION 10 OF THE RAILWAY LABOR ACT, AS AMENDED

To Investigate a dispute between American Airlines, Inc., and certain of its employees represented by the Transport Workers Union of America, AFL-CIO.

(National Mediation Board Case No. A-7789)

WASHINGTON, D.C.
AUGUST 27, 1966

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LETTER OF TRANSMITTAL

WASHINGTON, D.C., *August 27, 1966.*

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

DEAR MR. PRESIDENT: On July 27, 1966, you established Emergency Board No. 167 by your Executive Order 11291, pursuant to Section 10 of the Railway Labor Act, as amended. The undersigned were appointed as members of the Board on July 29.

You charged this Board to investigate a dispute between American Airlines, Inc., and certain of its employees represented by the Transport Workers Union of America, AFL–CIO, and to report our findings to you.

Our report is attached. We have the honor to submit it to you.

Respectfully,

(S) JOHN T. DUNLOP, *Chairman.*
(S) J. PATTERSON DREW, *Member.*
(S) BAYLESS A. MANNING, *Member.*

I. BOARD CONCLUSIONS AND OBSERVATIONS

1. The American Airlines-TWU Dispute

Normal processes of collective bargaining have not yet had an opportunity to work out a solution between the parties to this dispute. Neither party is responsible for the arrested state of negotiations in this matter. Rapidly moving events beyond the control of either party have until very recently made bargaining extremely difficult.

There is no reason to believe that the parties are at deadlock. The bargaining process appears now to be in motion and the Board is optimistic that the parties will be able to compose their differences without a strike, as they have done in contract negotiations over many years.

2. This Report

This report is less specific in its recommendations than is customary for emergency board reports. This Board has concluded that in the current posture of negotiations specific recommendations on all 43 issues in dispute would be more likely to harden the parties' positions than to promote an early and responsible settlement.

3. Airline Wage Rate Changes Not a Standard

The experience of American Airlines is typical of the air transportation industry in that productivity has been increasing in the postwar period at a rate substantially above that of the rest of the economy. Historically, industries undergoing rapid technological change and productivity increase tend to experience (i) above average growth in job opportunities, (ii) an increase in wage levels above that of the of the economy, and (iii) a fall in prices relative to the average. American Airlines, and the air transportation industry in general, appear to be experiencing these effects. As such, they are not to be considered as setting a standard for other industries or for the economy as a whole.

Relationships among the TWU-American Airlines negotiations, the recent IAM five-airline settlement, general economic conditions and national economic policy are discussed in Part III of this report.

4. The Railway Labor Act

The dispute before this Board is still in an unhappily retarded state four months after the expiration of the contracts being renegotiated. The procedures under the Railway Labor Act, now 40 years old, have often been criticized on the ground that their mechanical rigidity tends to chill normal collective bargaining and make mediation difficult. The procedures of the Act have been, in this Board's judgment, a significant factor in prolonging the present dispute and the Act's requirement that this Board file a report on a fixed date has, characteristically, obstructed the Board's efforts at mediation.

Changes in the nation's labor laws tend to be made in the heat of crisis and are often ill-considered for just that reason. The Board recommends that in the period of relative calm in airline labor relations following the current round of contract negotiations, affirmative steps should be taken to overhaul and modernize the Railway Labor Act as applied to the airline industry.

5. Wage Structures in the Airline Industry

Neither party in these negotiations addressed itself directly to two fundamental problems of the wage structure of the air transportation industry. It is unlikely that in the heat of hand-to-hand contract bargaining they can do so.

First, in the airline industry, as in some other industries, the new technology is changing the character of the mechanical trades; some classes of workmen traditionally considered blue collar are becoming highly skilled and semi-professional specialists, like the lead mechanic on a modern jetliner or, tomorrow, the SST. For such men, existing wage relationships will be subjected to enormous upward pressure as compared with wage levels of other more technologically static classes and crafts; traditional patterns of job assignments grow increasingly out of alignment; and inherited classifications like "mechanic" are made to cover both the radar specialist and the repairman of the coffee machine.

Second, though wage-price levels vary from area to area within the United States, in the airline industry wage levels are fixed on a uniform nation-wide basis. The mechanic at the San Francisco station is thus at a substantial disadvantage in his wage-price environment as compared to his counterpart at Memphis.

The combination of these two conditions is explosive, particularly in a full employment economy.

The nation-wide wage levels are bargained compromises that inevitably dissatisfy the new specialists, particularly those living in high price areas. The employer, dissatisfied at being required by

traditional bracketings to pay high-skill wages to semi-skilled workers, seeks to control costs by increasing the stringency of work rules and by crossing job classification lines wherever possible. Grievances increase as workers feel themselves overregulated or threatened. The national Union leadership finds it increasingly difficult to influence the conduct of certain locals, and the opportunity is opened for the formation of small splinter groups of specially skilled, strategically placed workers. Seen from the public perspective, the uniform national wage rate gives geographic areas of lower price levels a sharp inflationary kick.

The Board suggests to the airlines, the unions and to interested public agencies that, following the present round of contract negotiations in the industry, intensive efforts be made to modify the present over-rigid and stratified wage structure through more modern wage differentials. The Board believes that the alternative is increasing instability in the labor relations of this vital public utility.

II. SETTING OF THE DISPUTE AND OF THE BOARD'S REPORT

The course of the existing dispute between the Transport Workers Union and American Airlines, the conduct of the parties in the dispute, the actions taken by this Board and the character of this report have all been conditioned by, and in part determined by, the unique setting of the dispute.

The TWU represents about 9,850 of the approximately 27,000 employees of American Airlines. The Union has three contracts with the Company, a Maintenance Agreement covering approximately 9,135 mechanics and fleet service employees, a Stores Agreement covering about 580 stock clerks, and a Communications Agreement covering about 135 teletype operators. In accordance with the terms of these two-year contracts, the parties exchanged notices of intended change under Section 6 of the Railway Labor Act on March 31, 1966, as the first step toward negotiation of new contracts.[1] Following a series of discussions between the parties, including an offer by the Company on April 15, the Company applied on April 27 to the National Mediation Board for mediation services, and on April 28 the dispute was docketed as Case No. A–7789. With the parties still in dispute, the NMB on June 22 proffered arbitration to the parties. The Company accepted and the Union declined the proffer of arbitration and on June 27 the NMB terminated its services. One month

[1] See appendixes C and D.

later, on July 27, the President issued Executive Order 11291 establishing this Emergency Board, No. 167.

Until August 19, 1966 (eight days before this report was due), negotiations and mediation efforts and the work of this Board were carried on against the background of the protracted dispute between the International Association of Machinists and Aerospace Workers, AFL–CIO, and five of the eleven trunk airlines operating in the United States. The employees of the five carriers represented by the IAM are substantially the same classes of employees, including mechanics, as those represented by the TWU in the case of American Airlines. The IAM dispute, initiated by Section 6 notices on October 1, 1965 passed step by step through the negotiation, mediation and arbitration-proffer procedures of the Railway Labor Act and on April 21, 1966 the President created Emergency Board No. 166 in that dispute. The report of that Board, filed on June 5, was followed by a 43-day strike of the IAM beginning on July 8, and continuing until August 19, 1966. The five lines struck by the IAM normally carry 60% of scheduled domestic air traffic; a strike by the TWU against American Airlines during the IAM strike would have grounded the only other main trunk airline (normally carrying 18.5% of air traffic).

The course of the overlapping long dispute between the five airlines and the IAM was highly unusual.

Negotiations, attempts to settle the dispute, and the work of Board No. 166 were conducted in the context of efforts by the Council of Economic Advisers and the Administration to maintain, insofar as possible, the anti-inflationary wage and price guideposts set out in the 1962 Annual Report of the Council. Uncertainty as to the outcome of the Machinist strike was significantly increased when, on July 31, the striking members of the IAM voted 3 to 1 against ratification of a settlement arrived at between the Union leadership and the five carriers and announced at the White House on July 28. The contracts ultimately ratified by the IAM membership on August 19 were the product of further negotiations between the five lines and the IAM leadership. The wage terms of the rejected contracts were widely regarded to be in excess of the guidepost standard, and the terms of the contracts ultimately accepted were slightly higher.

Following the rank-and-file rejection of the July 28 settlement, Congress promptly took up proposals for emergency legislation. A bill requiring cessation of the IAM strike and resumption of airline service by the five carriers for a maximum of another 180 days was passed by the Senate and was pending in the House of Representa-

tives when the second proposed settlement was ratified by the IAM membership on August 19.

Immobilized by these unpredictable events, the parties to the American Airlines dispute found themselves unable to assess other factors as well. With the IAM strike continuing but apparently on the brink of settlement, they could not estimate whether an emergency board would be appointed for this dispute. And overhanging the situation, were concurrent negotiations between the TWU mechanics and Pan American Airlines, moving through the procedures of the Railway Labor Act shortly behind the present dispute.

Given these shifting elements of uncertainty, and other complicating factors (such as the announcement during the week of August 2 of selective steel price increases) it would have been surprising if the parties to this dispute could have conducted effective collective bargaining in a normal fashion. The record of these two parties for working out their labor-management relations at the bargaining table is excellent. Since 1946 they have negotiated many contracts; during this time they have experienced only 11 days of strike (in 1950) and their differences have given rise to the appointment of only one emergency board (in 1962) before this one. But in this instance, collective bargaining between them has not followed, and could not have followed, its normal course. As a result, the dispute came to this Board in a peculiarly undigested and uncrystallized state. In its Section 6 notice on March 31, the Union called for 32 proposed contract changes; the Company's notice set forth 13.[2] Negotiations and mediation efforts had resolved only two of the original 45 issues when this Board was appointed.

In these circumstances this Board took a somewhat unusual course. Instead of proceeding at once to formal hearings, the Board undertook, with the cooperation and consent of the parties, to continue efforts at mediation in the hope that the Board could, if not bring the parties to a resolution, at least narrow the number of issues and reduce them to more manageable form. The Board was also of the opinion that in the circumstances it could, through informal talks, gain faster and deeper insight into the facts of the dispute, the attitudes of the parties and the reality or unreality of the issues apparently dividing them. In view of the inchoate shape of the matters before it and the rapid pace of exterior events, and since the Railway Labor Act does not require that an emergency board conduct hearings or make recommendations, the Board seriously considered holding no hearings, feel-

[2] For citation purposes the Union's proposals are numbered, as U–1, U–2, etc. and the Company's proposals lettered, as C–A, C–B, etc.

ing that the short time available could be more fruitfully devoted to continued mediation efforts, and that the adversary atmosphere of hearings would sharpen the differences between the parties. Ultimately, however, the Board concluded that the necessities of the parties would be in some degree served by brief hearings. The Board, therefore, held public hearings on August 19 and 20 for presentation of the Union's views and on August 22 and 23 for the Company's. With the exception of those four days, the Board has, since August 2, been engaged continuously in active mediation with both parties.

As this report is prepared, the Board believes that the parties have made progress toward agreement; positions have been clarified, issues narrowed, priorities questioned and alternatives explored. In preparing its report the Board's primary objective has been to contribute toward the process of agreement between the parties.

III. PARTICULAR BOARD RECOMMENDATIONS

A. Money Package

In its discussions with the parties the Board divided the issues in the dispute into two broad groups. The parties used substantially the same division in their presentations to the Board. The first group was comprised of proposals explicitly dealing with money, and the second group of proposals dealing with rules and conditions of employment. This division is in a degree arbitrary, since proposals for rules changes often have significant effects on the pay of employees and costs of the employer.

The following proposals were classed as the money items: [3]

General wage rate increase
Duration of the contract
Holidays
Premium for holiday work
Vacations
Health and welfare
Pensions [4]
Sick leave
Shift premiums

[3] U–32, C–L, U–31, C–K, U–11, U–12, U–13, U–30, U–22, U–29, U–9, U–7, U–10. The titles listed above are those of the Board and are used for summary reference only.

[4] On August 11, 1966, the Union asked the Board to request the Company to provide the Union with certain cost and experience information on the Company's pension and insurance plans. The Union felt it needed this for negotiations and for presentation of its case to the Board. Despite the urging of the Board, the Company declined to furnish the information. Subsequently, however, in hearings before the Board, the Company introduced expert testimony directly relating to these plans, testimony which the Union was in no position to challenge in detail in view of the Company's earlier unwillingness to divulge the information requested.

Reduction in work week
Overtime rates of pay

The Union argued that the money package should include substantial increases in wages and benefits to correct an asserted lag in the wages of airline mechanics (and related classifications) behind wages generally in the economy, to correct an inequitable relationship between mechanic's wage rates and those of workers of comparable skills in other industries, and to restore a proper relationship with the wages of other airline employees, including flight personnel (*Tr.* pp. 188–189). The Union also presented an economist's testimony that "inadequate growth in consumer spending has been the factor of largest magnitude in the inadequate overall economic performance." [5] Substantially higher wage rates are to be expected in an industry such as the airline industry, enjoying an annual productivity increase of 7 to 8 per cent. The Union does not argue for its money proposals on the theory that the Company should share its profits, but rather ". . . American Airlines is amply able to afford what we are asking." (*Tr.* pp. 192, 294)

The Company, on the other hand, argued that the money package should be closely constrained by the wage rates and benefits paid by its major competitors to similar classes of workers. American Airlines already has wage rates and benefits that are, on balance, higher than those of its major competitors. "With the IAM settlement, a wage rate has been established for comparable employees of American's two principal competitors—TWA and United. To survive and grow, American must compete, and compete hard. To do so, it cannot afford to be handicapped by non-competitive labor costs." (CO V–7). The Company concluded that IAM contracts should not now be made a base for further escalation, especially in view of the extensive public and official participation involved in that settlement. Even in 1965, its best year, the Company's profits were below the level of 10¼% prescribed by the Civil Aeronautics Board as "fair and reasonable." The wages and benefits of airlines mechanics (and related classifications) have more than kept pace with those of employees in industry generally.

In working with the parties the Board formulated a converging series of detailed money package models for settlement. In doing so, it sought to take into account priorities of each side, as the parties themselves do in their own bargaining, and to weigh no less the relevant claims of public policy. These suggested packages were considered carefully by the parties, and revised by the Board in the light of

[5] TWU—Exhibit 8, p. I–8.

the reactions of both, without prejudice to the positions of the parties or to any recommendations this Board might make.

Negotiation of collective bargaining agreements involves a mutual accommodation of the parties on the items to be included in the money package, the size of each item, the duration of the agreement, the effective date of each change, and the relation of the money package to the non-money items also to be included in the settlement.

Emergency Boards usually make detailed recommendations for a package settlement, specifying the Board's judgment on each of these matters. This Board has decided, after careful consideration, to depart from convention. It is the Board's considered judgment that precise recommendations at this time would be a disruptive rather than a contributory factor in the negotiations. The experienced negotiators for these parties know each other well, and they have settled contracts quickly in the past without work stoppages and without governmental intervention when they have considered the moment propitious.

The Board believes, however, that it may be helpful to a settlement to identify the items that should in the Board's judgment be included in the money package and around which the negotiations should continue. They are:

General wage rate increase in percentage terms and duration of contract
Differential of the line mechanic
Holidays
Premium for holiday work
Vacations
Health and welfare
Pensions

As progress continues toward agreement on these items and the non-money items in private negotiations, the public interest in the dispute remains an important factor. The public interest in the settlement of this dispute involves both an avoidance of another shoutdown this year in the airline industry and a settlement consonant with the economic welfare of the industry, including its employees, and the health of the economy. An exaggerated settlement in this case would dislocate relations in sectors of the industry already settled, and would escalate later settlements in the airline industry. While there have been differentials in wage rates and benefits among air carriers—American Airlines has been higher on balance—these variations have not been very large. An exaggerated settlement might also have a degree of repercussion on settlements in other industries, particularly in transportation, given the role of the Government in the airline industry and the prominence given to disputes in this sector. The Board regards

the general range of the settlement in this case to have been established and to have been explored in mediation with the parties.

It should not be inferred that the settlement reached in this dispute will serve as a pattern. In the airline industry, and in American Airlines as well, productivity has been increasing rapidly in comparison to the average increases in productivity in the economy. In such dynamic industries, it has often been observed that in a period of rapid growth in productivity and employment, wages tend to rise over long periods somewhat more rapidly than average wages in the economy, and prices tend to decline somewhat relative to average prices.

Without attempting to pass judgment on the contention that airline mechanics' wages were historically depressed in the last decade, the classical pattern of wage and price adjustments in dynamic industries appears to characterize the airline industry at this time. The higher-than-average increases in wages in industries with very rapid increases in productivity does not provide a justifiable basis for comparable wage increases in other more average industries. In turn, standards applicable to average or declining industries cannot be applied to those with the most rapid increases in productivity, with expansion in employment and with relatively increasing levels of skill and responsibility.

B. Other Issues

Grievance and Related Issues

Four of the Union's proposals (25, 26, 27 and 28) deal with various interrelated aspects of the grievance and disciplinary procedures. The proposal pressed most vigorously by the Union is that employees have a right to Union representation in investigations and hearings. The Union also proposes two procedural amendments which, in its view, would expedite the grievance machinery: extension of Area Board jurisdiction, presently limited to discharge cases, to include all disciplinary grievances, and appointment of a single referee to sit continuously until all cases on a particular docket have been disposed of. In addition, the Union proposes to limit the time that disciplinary notices and reprimands will remain in the Company's personnel file.

The Company contends that the Union's proposals are in the main unworkable and unnecessary and that most of the problems connected with the grievance procedure could be eliminated by more careful screening of grievances by the Union.

The record is clear that the existing grievance procedure is not working well. Too many grievances are filed and there is a large backlog of unresolved grievances. For example, 384 grievances were docketed in 1965 by the System Board of Adjustment, the highest

body in the grievance machinery; 64 of them were heard during that year.

It seems clear that the long-standing inefficacy of the grievance procedure has had a corrosive effect on all of the working relations between the parties. Indeed, a number of the Union's other complaints in this case find their source in a sense of frustration with the grievance remedy. The Union insists that something be done in these negotiations about this matter. It appears to the Board that this situation is serious and growing worse. A smoothly working grievance machinery is essential to a healthy labor-management relationship. The Board believes the matter demands prompt attention.

We do not believe, however, that the most productive approach to this problem is to be found in a point-by-point treatment of particular procedural proposals of the Union. A procedural system must be viewed as a whole; its effectiveness or ineffectiveness depends upon the way the entire proces fits together. For example, while the Union obviously has a legitimate claim to Union representation in hearings and in some kinds of fact investigations, it is equally clear that, in order to gather information needed to perform their managerial functions, Company supervisors must be free to talk with employees in a relaxed and informal way. Without knowledge of all of the various kinds of inquiries, investigations, and other fact-finding processes that are used by the Company for different purposes, there is no effective way to identify or describe a dividing line between fact inquiries that are appropriate for Union representation and fact inquiries that are not.

Because of the organic nature of the grievance process, the Board feels that the best way to move ahead on this important matter is to find a way for the grievance procedure to be viewed as a whole, analyzed as a whole, and improved as a whole. For that reason, the Board's recommendation, which it offers to the parties with a certain sense of urgency, is that they move promptly to establish a panel of three neutral experts, chaired by a nationally recognized professional, charged with the task of analyzing and recommending ways to improve the presently sputtering grievance procedure and to serve as Referees under the Agreements. As an aid to the parties in this enterprise, the Board has set forth below a draft letter agreement as a working document on which their discussions of these issues should center.

* * * * * * *

[Draft letter from Company to Union]

DEAR MR. _____;

In the current negotiations between American Airlines, Inc. and the Transport Workers Union, discussion has centered in part upon various aspects of the structure and operation of the grievance procedure established by earlier Agreements. In that connection, the Company is prepared to proceed along the lines suggested by Emergency Board No. 167 in its Report of August 27, 1966.

Upon acceptance of this letter agreement by the Union, the Company agrees to the following:

(1) There shall be established forthwith a neutral three-member Grievance Revision Interim Panel of Experts. The Chairman of the Panel shall be a nationally recognized professional labor arbitrator or mediator who has special experience with modern grievance procedures and practices and who shall be agreed upon by the Company and the Union.

(2) The Panel, in consultation with the parties, will proceed at once to—

(a) make a thorough study of the existing grievance machinery and analysis of the causes of any defects or frustrations that may be found to exist in it;

(b) investigate the causes for the existing case backlog; and

(c) report from time to time to the Company and the Union the results of its study, analysis and investigation and any recommendations it may have to improve the grievance procedure, to insure that grievances be settled at the earliest possible step in the procedure, to expedite the flow of grievance cases and to clear the present backlog.

(3) The Company and the Union agree that in an effective grievance process Union representation of its members is a vital element in formal hearings and some kinds of investigations. They further agree that supervisors and other representatives of the Company must be free to obtain in an informal atmosphere the information necessary to the performance of their supervisory functions. The Panel shall recommend procedures to the parties for giving full and adequate recognition of these interests, and the parties agree to be bound by such recommendations.

(4) Each party will give the most serious consideration to and, unless in its view clearly unfeasible, will seek to put into effect other recommendations made by the Panel for change in the structure and administration of the grievance procedure. The Company fully recognizes the need for a fair and expeditious method of handling grievances, and the Union fully recognizes that the grievance machinery must not be burdened by cases that do not involve substantial questions of fact or contract interpretations.

(5) The Panel shall also serve as, and be named by the parties as, the neutral Referees to determine grievances that involve interpretation or application of the collective bargaining Agreements and that are, pursuant to such Agreements, referrable to a five-man System Board of Adjustment.

Sincerely yours,

AMERICAN AIRLINES, INC.
By:

Accepted:
TRANSPORT WORKERS UNION
OF AMERICA, INC., AFL–CIO
By:
Date:

The Stores Agreement

The close relationship between apparently substantive issues and the grievance procedure is illustrated by the Union proposal for amendment of the scope provision of the Stores Agreement.[6] The Union complains that the Company has gone too far in contracting out what has traditionally been Stores work and that it permits supervisory and other non-Stores personnel to perform work that should be reserved to the Stores bargaining unit. The Union pressed this proposal before the Board with special intensity. Yet it conceded that the answer does not really lie in amendment of the Agreement. As Counsel for the Union stated: "What the Stores is really complaining about here in negotiations is something that should be resolved through a grievance procedure because the contract already would seem to give these men every right they ask." (*Tr.* p. 698)

The work of the Stores employees consists primarily of receiving, storing, recording and disbursing equipment and supplies. The 580 Stores personnel constitute about 6 per cent of the total number of American Airlines employees represented by the TWU. Though the Stores personnel appear at times to imply that their concern is job security, the facts are that the number of Stores employees has risen slightly over the years and that the Company has given the Stores personnel repeated assurances that it has no intention of eliminating the Stores function.

The true sources of the anxiety felt by the Stores employees appear to be two. The first is that the number of Stores employees represented under the separate TWU Stores Agreement has not been increasing at the same rate as the numbers of employees represented under the Maintenance Agreement; as a result the Stores people seem to feel that, as a group, they are becoming relatively less important. The second source of tension appears to lie in the inherent nature of Stores work. Nearly every class of employee will during the course of a work day carry or deliver goods or supplies, whether a secretary carrying paper or a mechanic carrying bolts. Moreover, the airlines have increasingly contracted out services and functions which in an earlier industrial structure would have been performed in-house; many of these functions involve carrying goods or supplies, a good example being the work of the food caterers who supply and load in-flight meals and refreshments.

The Company argues, citing a recent detailed staff study it made, that Stores employees are used wherever there is a full-time Stores job, that sub-contracting is an economic necessity and that the Union

[6] U–2.

is in fact speaking of fractional pieces of work rather than full-time Stores jobs.

Insofar as the Board can judge from the record, the fears and concerns of the Stores personnel do not seem to have an objective basis. Nor can the Board accept the argument implied that this particular barganing unit has an inherent right to grow in size. Nonetheless, it is undeniable that the Stores personnel, or at least their leadership, feel threatened by the emerging pattern of modern practices and that the Company would be poorly advised if it were to proceed as though these attitudes did not exist.

The first and best response to this problem lies in improvement of the grievance procedure, discussed earlier. A second would be that the Company be particularly sensitive in its administration of Stores in recognition of this problem. Third, it would be most helpful if the Company and the Stores unit were to reach a clear mutual understanding that individual job security is not in danger; and if the Stores unit recognized that it cannot realistically look forward to a growth in numbers in the years ahead.

Los Angeles Maintenance

In its proposal "A" the Company seeks a different organization of the work force for its approximately 444 line mechanics and their leads at Los Angeles. Los Angeles is the Company's largest field station and is the fleet base for all of the Company's four-engine jet aircraft. On a system-wide basis Los Angeles is responsible for maintenance of approximately 75 aircraft.

The Company contends that the problem is that for ten years the Los Angeles station has been forced to operate below maximum efficiency by local work rules. Under these rules, the mechanics are treated as a single unit for purposes of determining overtime, vacations, leave, day off and shift selections, and they bid for these on a seniority basis every 28 days. These work rules restrict the Company's ability to assign mechanics to work areas and to maintain stability of assignments. The Company complains that this arrangement seriously undermines performance and supervisor-worker relationships and increases costs.

In 1955, the Company split the principal work unit involved into two, with a view to reducing the impact of these work rules. The Union grieved this split and its position was sustained in 1956 by the System Board. This decision reinstated the single work unit and the four-week bid cycle.

With the problem growing more acute, the Company raised the issue again in the 1960 contract negotiations and the parties agreed to set up a Special Board of Inquiry. The Special Board consisted

of one Union representative, one Company representative, and an independent arbitrator, Mr. Saul Wallen. The Special Board's decision was in favor of the Company and unanimous. It recommended that four separate work units be established and that the bid cycle be six months, stressing that the existing system was disadvantageous not only to the Company but also to the employees. The Board's recommendations were rejected by local union vote.

The Company insists that with the expansion of the jet fleet and increasing complexity of mechanical maintenance, the situation has steadily deteriorated. It urges that relief be granted promptly.

In the view of the Board, the Company has demonstrated that the present organization of this work unit is extremely inefficient and the resultant losses incurred annually are very large. The Union has offered no significant refutation.

The Board believes there is no justification for continuation of the present work rule situation at Los Angeles. It is clear to the Board that the time has come to deal finally with this problem which has been an aggravant in the relations of the Company and the Union for more than ten years. The ability of the airline to improve wage rates and worker benefits is a function of its ability to control costs and adapt to changes in technology.

The 1960 report of the Special Board of Inquiry has now been overtaken by events, and this Board is not in a position to suggest specific solutions for so complex a matter. But the Board strongly recommends that the Union agree with the Company upon a plan that will achieve the objectives of the Wallen Report both in providing reasonable protection for the seniority and other rights of the mechanics and in granting to the Company reasonable managerial flexibility at the Los Angeles maintenance base.

IV. GENERAL RECOMMENDATIONS

Earlier in this report it is noted that at the time of appointment of this Board, 43 of the 45 issues originally noticed by the parties remained unresolved.[7] Of these 43, 6 appear to the Board to be technical or in substance agreed to by the parties.[8] Exclusion of these 6 issues leaves, 37 remaining.

The money package and other items discussed in Part III of this report, taken together, account for 19[9] of these 37 issues, leaving a balance of 18.

[7] U–8 was withdrawn by the Union, and the Company and Union agreed upon U–18.

[8] U–1, U–4, U–19, C–G and C–M.

[9] Part IIIA: U–7, U–9, U–10, U–11, U–12, U–13, U–22, U–29, U–30, U–31, U–32, C–K and C–L. Part IIIB: U–2, U–25, U–26, U–27, U–28 and C–A.

The Board feels that no constructive purpose would be served by its commenting on ten issues.[10] These issues, while unquestionably sincerely raised and of significance to the party raising them, either concern matters of day-to-day administration of the Agreements calling for day-to-day accommodation by the parties, or demand a depth of detailed operating knowledge beyond this Board's competence. Some of these issues are of old standing; they have been raised in earlier bargainings between the parties and may again be raised in future contract negotiations. In the crisis atmosphere of strike deadlines, complex issues of human relationships have a way of being scrapped or traded off in midnight settlements; when they arise at the next contract expiration date, they are likely to be subordinated again. Issues of this kind require more deliberate and unheated continuing consideration by union and employer, perhaps with the assistance of neutral parties, over longer periods of time. If not given this kind of attention, in a joint effort of good will, they may fester until, explosively and bitterly, they erupt—to the severe loss to employee, employer and the public. With this comment, the Board does no more than refer the ten issues listed in footnote (10) to the parties, confident that in the collective bargaining ahead they will be resolved (at least for the time being) in the course of reaching agreement on the central issues in the dispute.

Deduction of the ten issues listed in footnote (10) leaves a balance of eight questions to be considered. On these, the Board offers the following brief comments.

Union Proposals 5, 6 and 21 and Company Proposal D

These proposals all concern the cross-utilization of manpower among among work classifications. The problem is to define the narrow circumstances in which the Company may call upon fleet service personnel of the Union to do a job usually done by mechanics in the Union, and vice versa. The problem does not concern large bases emyploying many men in both classifications where there is a more predictable work flow; at smaller stations, however, where there are few personnel of either classification and the work flow is uneven the problem continues.

The Board is of the view that the Union must recognize that inflexible job classifications, workable in many industries, are not always compatible with the realities of modern airline business. By nature the business is peculiarly susceptible to sharp fluctuations in work loads. Maintenance and service functions on aircraft must be performed rapidly to provide efficient public transportation service. The

[10] U–3, U–14, U–15, U–17, U–20, C–E, C–F, C–H, C–I and C–J.

Company cannot be expected to delay planes while waiting for a mechanic to be called in, nor can it maintain standby mechanics at all stations in sufficient number to meet all mechanical contingencies.

At the same time, the Company must recognize that if it abuses the closely limited cross-utilization exception available under the agreements, it will ultimately force the Union into a position of rigidity on this issue and will generate a continuing and deep-seated labor relations problem.

Again, as the Board has observed earlier, at least part of the problem in this area appears to lie in the grievance procedure. The answer to this problem does not lie in proliferation of detailed contract provisions. Rather, it lies in a day-to-day understanding of the narrow spectrum of circumstances in which the Company may cross the basic classification lines provided in the Agreements.

The Union seeks to limit the Company to two shift starting times in each of the three normal shift periods, with the two starting times not more than one hour apart. In the judgment of the Board the Company has made a compelling case as to the heavy costs this proposal would entail and for its unwillingness to accept the proposal.

Union Proposal 23

Traditionally, airline employees have been given special travel privileges. They and their dependents may make seat reservations for half-fare and they may travel on a standby basis, paying a small service charge only. In recent years, the Company has introduced a number of promotional fare arrangements in a successful effort to increase traffic. These promotional fare plans include half-fare standby privileges for military personnel and for young persons. Persons traveling on these standby plans have priority over employee standbys. The Union contends that the addition of new classes of preferred standby passengers has significantly eroded the standby opportunity of employees.

The Board is not sufficiently informed to know how substantial the effect of the new promotional fare plans has been upon the travel privileges of employees. But it is convinced that there has been some adverse effect. The Company is well aware that travel privileges are a substantial inducement to employment with the airline, as shown by its emphasis upon them in its employment advertisements. In the Board's view the Company should review the matter of employee travel privileges in the light of the newly created and expanding promotional fare plans. There seems to be no reason, however, why this matter need be included in the national contracts.

Union Proposal 24

Expansion of airports, increase in air traffic, and pressures on urban land have led to the curtailment of employee parking privileges at some stations. The Union proposes that the Company should provide free parking spaces for its employees. The Company argues that the main result of such a guarantee is to lead local parking authorities to raise rates in confidence that the airline is committed to pay them regardless of the price.

The Board does not believe that this issue is an appropriate national issue since the circumstances and range of possible solutions vary so substantially from facility to facility. In locations where the problem is severe, it is probable that a better approach is for the Union and the Company together to seek to work out with local authorities special arrangements tailored to the local situation.

Company Proposal B

The Stores Agreement contains a specific provision for the establishment of six lead stock clerk jobs at the Tulsa Overhaul Base. The Company contends that after ten years of experience with this unusual provision, originally placed in the contract as a compromise to an earlier dispute, it is clear that the arrangement is causing more friction that it eliminates and that the six incumbents cannot be kept fully utilized. The Company proposes the elimination of the six jobs, preserving the job security of the six incumbents.

The matter of these six lead stock clerks is obviously minor in the perspective of national negotiations. In turn, this detailed provision is inappropriate for the national contract. The problem presented by the issue is closely related to the more general Stores Agreement problem discussed in Part III. The Board is sympathetic with the Company's desire and effort to improve its operating efficiency.

Union Proposal 16

The Maintenance Agreement provides that a lead mechanic does mechanic's work as well as perform his lead functions. Other leads may also do the work led. The Union in its Proposal 16 apparently seeks to restrict the activities of leads more specifically to the leadership function. It offered no solutions, however, and made no convincing case for change in the traditional work structure.

V. SUBMISSION OF REPORT

The Board would be remiss and ungracious if it were to omit a special note of thanks to the officials of the Transport Workers Union and of American Airlines, and their lawyers. Throughout all stages of the Board's work in mediation and in hearings, all parties have cooper-

ated with the Board to the fullest and have contributed to the maintenance of an atmosphere conducive to orderly settlement of their differences.

With this comment, and the hope that the Board's participation and report may have made a contribution toward a speedy and well-grounded resolution of this dispute, we submit this report of Emergency Board No. 167.

Respectfully,

(S) John T. Dunlop,
JOHN T. DUNLOP, *Chairman.*

(S) J. Patterson Drew,
J. PATTERSON DREW, *Member.*

(S) Bayless A. Manning,
BAYLESS A. MANNING, *Member.*

APPENDIX A

EMERGENCY BOARD NO. 167

EXECUTIVE ORDER 11291

CREATING AN EMERGENCY BOARD TO INVESTIGATE A DISPUTE BETWEEN THE AMERICAN AIRLINES, INC., AND CERTAIN OF ITS EMPLOYEES

WHEREAS a dispute exists between the American Airlines, Inc., a carrier, and certain of its employees represented by the Transport Workers Union of America, AFL–CIO, a labor organization; and

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

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

NOW, THEREFORE, by virtue of the authority vested in me by Sections 10 and 201 of the Railway Labor Act, as amended (45 U.S.C. 160 and 181, respectively), I hereby create a board of three members, to be appointed by me, to investigate this dispute. No member of the board shall be pecuniarily or otherwise interested in any organization of airline employees or any carrier.

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

As provided by Section 10 of the Railway Labor Act, as amended, from this date and for thirty days after the board has made its report to the President, no change, except by agreement, shall be made by the American Airlines, Inc., or by its employees, in the conditions out of which this dispute arose.

(Signed) LYDON B. JOHNSON.

THE WHITE HOUSE,
July 27, 1966.

APPENDIX B

APPEARANCES

The parties to these proceedings were identified to the Board as follows.

The Transport Workers Union of America by:

JAMES F. HORST
International Executive Vice President.

WILLIAM GROGAN
International Vice President.

WILLIAM G. LINDNER
Assistant Director, Air Transport Division.

JOHN F. O'DONNELL
General Counsel.

American Airlines by:

ARTHUR M. WISEHART
Counsel.

H. WAYNE WILE
Counsel.

KENNETH L. MEINEN
Vice President, Personnel.

A. DI PASQUALE
Assistant Vice President, Employee Relations.

APPENDIX C

AIR TRANSPORT DIVISION
TRANSPORT WORKERS UNION OF AMERICA,
March 31, 1966.

Mr. A. DI PASQUALE,
Assistant Vice President, Employee Relations,
American Airlines, Inc.,
633 3rd Ave.
New York 17, N.Y.

DEAR Mr. DI PASQUALE: This letter will formally serve as notice of the Union's intended change in the Maintenance, Stores and Communications Agreements signed July 7, 1964 in accordance with the attached proposals, and is submitted pursuant to Articles 43, 42 and 39 respectively of those Agreements.

This letter will confirm our understanding that negotiations will commence at 1:30 P.M. on Tuesday, April 5, 1966 at the Commodore Hotel in New York City.

Very truly yours,

(Signed) James F. Horst,
JAMES F. HORST,
Director, Air Transport Division,
International Executive Vice President.

JFH:BH
OEIU-153-AFL-CIO
ENC: 12 Copies of Proposals
CC: M. Guinan, Int'l. President
D. MacMahon, Int'l. Scty. Treasurer
Original delivered to Mr. A. Di Pasquale
Received: A. DI PASQUALE
Date:

TWU PROPOSALS—1966

Proposed changes in the agreements between the Transport Workers Union of America, AFL-CIO, and American Airlines, Inc., covering maintenance, stores, and communications employees, to be effective April 30, 1966

Item No.	*Article No.*			
	M	*S*	*C*	
1	1a	1a	1b	Amend to include all States and Territories in the geographic scope of the Agreements.
2	—	1	—	Review and amend Stores scope language as necessary to retain work functions.
3	1b	1a	1	Amend to prohibit supervisors and other persons from performing work covered by TWU contract.

Item No.	Article No.			
	M	*S*	*C*	
4	1c	—	—	Review station classifications and work loads and amend as indicated.
5	1d	—	—	Review and discuss Company practices under Articles 1d and 11f.
6	1e	1d	—	Amend to read "* * * as its present employees have the time (*i.e. regular and overtime*) and the skills to * * *."
7	3	3	6	Amend this and related Articles to provide a shorter work week without reduction in pay.
8	—	—	4	Review and clarify the duties and functions of Administrative Lead Teletype Operators.
9	5	5	9	Increase all shift differentials by ten cents (10¢) per hour: (11 to 21, 18 to 28, 16 to 26, and 21 to 31).
10	6	6	10	Amend this and related Articles to provide double and triple time pay in place of present time and one half and double time pay.
11	7	7	15	Amend to provide for ten (10) paid holidays.
12	7	7	15	Amend this and related Articles to provide for triple time pay for holidays worked.
13	8	8	16	Amend to provide four (4) weeks vacation after five (5) years of service and five (5) weeks vacation after fifteen (15) years of service and six (6) weeks vacation after twenty (20) years of service.
14	10	10	20	Amend to limit retention of seniority to two (2) years after transfer to a position not covered by a TWU contract.
15	11	12	17	Add new clauses providing that before any new employee is hired in any classification, other interested employees covered by TWU agreements will be given first preference for the job in accordance with seniority.
16	11f	12L	4	Review and clarify the duties and responsibilities of Leads.
17	12	12	—	Add new clause recognizing right of employees at Tulsa Base to transfer between shops and work units by seniority.
18	15f	—	—	Delete "(9) Hydraulic Units Overhaul" as a red circle shop and include it with "(10) All other types of work combined."
19	—	—	17	Amend and clarify effect of "Station-Location" letter (Page 57) on this and other Articles of the Communications Agreement.
20	21	21	—	Review and discuss application of seniority and work units at the Dallas Station.
21	21	21	7	Amend to permit not more than two shift starting times in each of the three normal shift periods, said two shift starting times to be not more than one hour apart.
22	27	27	30	Add new clause providing improved Company paid retirement plan fixed by contract.

Item No.	Article No. M	S	C	
23	27	27	30	Add new clause providing improved free transportation benefits fixed by contract.
24	27	27	30	Add new clause providing for Company paid parking facilities.
25	28	28	2	Add new clause providing that all disciplinary notices and reprimands shall be removed from Company files on the effective date of this new Agreement. Any subsequent reprimands will be removed from the files one year after they are issued.
26	29	29	3	Amend to recognize employee's right to Union representation in investigations and hearings.
27	32	32	—	Amend to extend Area Adjustment Board jurisdiction to include all disciplinary grievances.
28	32o	32o	35o	Amend to provide that a Referee, once agreed upon or named by the National Mediation Board, shall continue as Referee until all cases on the docket have been disposed of, unless all of the other four members of the Board agree to terminate his services sooner.
29	34	11	31	Amend and modify sick leave accrual; discuss administration of sick leave and renew sick leave premium.
30	41	40	37	Amend to provide improved Company paid Group insurance benefits including coverage of retiree and his dependents.
31	43	42	39	Amend to provide two year duration from April 30, 1966 and standard duration clause language.
32	Appendix "A"			Increase all rates of pay by thirty percent (30%).

It is further proposed that current Memorandums and Letters of Agreement be reviewed during negotiations and renewed as appropriate. The Union reserves the right to amend, add to or delete from these proposals as may be necessary during the course of negotiations.

NOTE: M=Maintenance, S=Stores, C=Communications.

APPENDIX D

[Via hand delivery]

MARCH 31, 1966.

MR. JAMES F. HORST,
International Executive Vice President,
Transport Workers Union of America, AFL–CIO,
80—07 Broadway,
Elmhurst 73, New York.

DEAR MR. HORST: Pursuant to Article 43 of the Maintenance Agreement, Article 42 of the Stores Agreement and Article 39 of the Communications Agreement, all effective July 4, 1964, and in accordance with the provisions of Section 6 of the Railway Labor Act, as amended, American Airlines, Inc., hereby serves notice of intended change with respect to each and every Article of said Agreements and with respect to all other outstanding documents, agreements, memoranda and letters of understanding.

American Airlines herewith submits specific proposals for change in the Maintenance, Stores and Communications Agreements.

The Company reserves the right to add to, modify, delete or change these specific proposals and to propose other specific changes or deletions at any time during the period the procedures of the Railway Labor Act are in effect or until new Agreements are settled.

Confirming our discussion, conferences with respect to notices of change in these Agreements will commence on April 5, 1966, at 1:30 p.m. in Room 108 at the Commodore Hotel, New York, New York.

Very truly yours,

(Signed) A. Di Pasquale,
A. DI PASQUALE,
Assistant Vice President, Employee Relations.

Attachments.
Original delivered to:
Mr. James F. Horst
Transport Workers Union of America, AFL–CIO
80—07 Broadway
Elmhurst 73, New York
Received: (Signed) James F. Horst
JAMES F. HORST
Date: March 31, 1966

COMPANY PROPOSALS

A. *Los Angeles Maintenance*

Provide for a different organization of the work force for Airframe and Powerplant mechanics and their Leads at Los Angeles than that which now exists.

B. *Article 1. Recognition and Scope—Stores Agreement*

Amend paragraph (b) by adding to the last sentence the following provisions: . . .; provided, that as other Lead Stock Clerk vacancies occur at the Tulsa Maintenance Base the Company may reassign, in inverse order of seniority, the present incumbents in such six (6) jobs into such other Lead Stock Clerk jobs vacancies. Accordingly, when the reassignment of an incumbent occurs, or in the event an incumbent vacates his job for any other reason, the six (6) jobs referred to herein shall be reduced correspondingly.

C. *Article 1. Recognition and Scope—Maintenance Agreement*

Amend paragraph (c) as follows:

Delete Albany and Hartford from the first listing of stations and add to the second listing of stations.

Delete Charleston, Douglas and Oakland from the third listing of stations.

Delete Louisville from the second listing of stations and add to the first listing of stations.

Amend the language immediately preceding the second listing of stations as follows:

"At the following listed stations, not more than two employees not covered by this Agreement may assist in the loading and unloading of aircraft and not more than two such employees may receive and deliver cargo in the Air Freight Warehouse or equivalent area."

D. *Article 1(d). Recognition and Scope—Maintenance Agreement*

Amend second paragraph of 1(d) to read as follows:

This rule shall not apply at stations where there is sufficient work for full-time employees in such additional classifications who can perform such work on a regular basis.

E. *Article 11. Classifications and Qualifications—Maintenance Agreement*

Amend paragraphs (a), (d), and (e) and (f) to provide as follows:

The work presently set forth in the classification descriptions of Fleet Service Clerk and Ground Serviceman to be combined under a new classification description designated as Ramp Serviceman.

Title III Lead Fleet Service Clerk and Title IV Lead Ground Serviceman to be reclassified in accordance with the foregoing.

Fleet Service Clerks, Ground Servicemen and Leads who are on the payroll as of the effective date of this Agreement shall be reclassified as Lead Ramp Serviceman or Ramp Serviceman and shall retain the company, classification and occupational seniority dates which they held prior to such reclassifications for all purposes under this Agreement.

Placement of the employees involved on the Ramp Serviceman occupational seniority list will be in the order of the occupational seniority date previously held by these employees in their former Occupational Title Group.

Employees who are reclassified to these combined classifications will not be transferred out of a station, demoted or laid off, during the term of this Agreement, as a result of such reclassifications. The Company's right to lay off employees for other reasons shall remain unaffected by this provision.

Other provisions of the Agreement to be changed as appropriate in accordance with the above paragraphs.

F. *Article 11. Classifications and Qualifications—Maintenance Agreement*

Amend appropriate paragraphs to provide for utilization of Title I Mechanics on certain work performed by employees in classifications (other than Cleaner-Buildings) in Occupational Group Title II.

Employees in classifications in Occupational Group Title II will not be transferred, demoted or laid off as a result of such utilization referred to above.

G. *Article 25. Termination of Employment—Communications Agreement*

Delete the language of paragraphs (a), (b) and (c) and substitute therefor the language of the Maintenance and Stores Agreements as follows:

(a) Employees who are laid off through no fault of their own shall be given two (2) weeks' notice in writing, or, at the option of the Company, two (2) weeks' pay at straight time rates in lieu of such notice.

(b) Employees resigning shall give the Company two (2) weeks' notice of resignation in writing.

(c) This requirement of notice set forth in paragraph (a) above shall not apply to a layoff caused by an Act of God or by a strike of the employees of the Company called without giving the notice required by the Railway Labor Act.

H. *Article 34(b). Sick Leave—Maintenance Agreement*

Article 11(b). Sick Leave—Stores Agreement

Article 31(a). Sick Leave—Communications Agreement

Amend Article 34(b) of the Maintenance Agreement, Article 11(b) of the Stores Agreement and Article 31(a) of the Communications Agreement to provide that an employee will accrue sick leave up to a maximum of ten (10) days for each twelve (12) months of service with the Company for use during the next following twelve (12) months commencing the Company service anniversary date.

I. *Article 34(g). Sick Leave—Maintenance Agreement*

Article 11(g). Sick Leave—Stores Agreement

Article 31(e). Sick Leave—Communications Agreement

Amend Article 34(g) of the Maintenance Agreement, Article 11(g) of the Stores Agreement and Article 31(e) of the Communications Agreement to provide as follows:

An employee who receives Workmen's Compensation Benefits for the periods referred to in paragraphs (1), (2), (3) and (4), which in combination with the payments he receives from the Company for such periods exceed his regular straight time rate (excluding shift differential) for such periods, shall return to the Company such excess amount.

J. *New Provision: Part-Time Employees—Maintenance Agreement*

Add a new provision as follows:

The Company may engage part-time (four (4) hours or less in a workday) employees in the Ramp Serviceman classification:

(1) Where there is a peaking of work for particular hours of a day

or

(2) where there are frequent fluctuations in volume

or

(3) where routinely there is work for less than half of a work shift.

In no event will such part-time employees be scheduled at a station in such

a manner that a combination of their tours of duty will result in a continuous eight (8) hour period of time.

This provision will not apply at any station in the event any Ramp Serviceman is on layoff status at that station.

K. *Article 43. Duration of Agreement—Maintenance Agreement*

Article 42. Duration of Agreement—Stores Agreement

Article 39. Duration of Agreement—Communications Agreement

The duration of the three Agreements is open for discussion.

L. *Appendix "A"—Maintenance Agreement*

Appendix "A"—Stores Agreement

Appendix "A"—Communications Agreement

Appropriate increases to be made in regular rates of pay under these Agreements.

M. *Letters and Memoranda Concurrent with the Three Agreements (Maintenance, Stores and Communications Agreements)*

Renew all letters and memoranda referred to/indexed in the three printed Agreements except as follows:

Maintenance Agreement—

1. Delete the letter dated July 10, 1964, on Page 93 re employee's eligibility for Supplemental Variable Annuity Plan and opening for membership of Non-Pilot Benefit Plan.

2. Delete the letter dated September 30, 1958, on Page 109 re seniority status of employees accepting assignment as Flight Engineer trainee.

Stores Agreement.—1. Delete the letter dated July 10, 1964, on Page 66 re employee's eligibility for Supplemental Variable Annuity Plan and opening for membership of Non-Pilot Benefit Plan.

Communications Agreement—

1. Delete the letter dated July 7, 1962, on Page 58 re possible displacement of employees in Teletype Operator group as a result of SABRE program.

2. Delete the letter dated August 13, 1962, on Page 60 re displacement of employees in Teletype Operator group as a result of the Electronic Switching Systems program.

3. Delete the memorandum dated January 30, 1963, on Page 62 re moving expenses of Teletype Operators who become surplus due to SABRE or Electronic Switching System programs.

4. Delete the letter dated July 10, 1964, on Page 65 re employee's eligibility for Supplemental Variable Annuity Plan and opening for membership of Non-Pilot Benefit Plan.

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