Report

TO

THE PRESIDENT

BY THE

EMERGENCY BOARD

APPOINTED BY EXECUTIVE ORDER 10919 DATED FEBRUARY 17, 1961, PURSUANT TO SECTION 10 OF THE RAILWAY LABOR ACT, AS AMENDED

To investigate certain unadjusted disputes between Pan American World Airways, Inc., a carrier, and certain of its employees represented by the Flight Engineers' International Association, PAA Chapter, a labor organization.

(NMB Case A6245)

WASHINGTON, D.C.
JUNE 20, 1961

(No. 135)

LETTER OF TRANSMITTAL

WASHINGTON, D.C., *June 20, 1961.*

THE PRESIDENT
The White House
Washington, D.C.

Mr. PRESIDENT: The Emergency Board created by you on February 17, 1961, by Executive Order 10919, pursuant to Section 10 of the Railway Labor Act, as amended, to investigate an unadjusted dispute between Pan American World Airways, Inc., and certain of its employees represented by the Flight Engineers' International Association, a labor organization, has the honor to submit herewith its report and recommendations based upon its investigation of the issues in dispute.

Respectfully submitted.

EDWARD A. LYNCH, *Member.*
ARTHUR STARK, *Member.*
G. ALLAN DASH, Jr., *Chairman.*

TABLE OF CONTENTS

I. PARTIES TO THE DISPUTE

Pan American World Airways, Inc. (hereinafter referred to as PAA), is an international air carrier principally engaged in commercial air transport operations. Historically, the Company (organized in 1927) has pioneered commercial air transportation between the United States and almost all major areas in the world. It has been and is currently the principal United States airline engaged in foreign and overseas air transportation of persons, property and mail. The Company's air transport operations serve most areas of the world from the Continental United States. It connects, for example: (1) The West Coast of the United States with Alaska, Hawaii, the Philippine Islands, other islands of the Pacific, Japan, other points in Asia, New Zealand and Australia; (2) the East Coast of the United States and points in Europe, the Near East, the Middle East, Asia, West Africa and South Africa; and (3) the East and South Coasts with Bermuda, Puerto Rico, points in the Caribbean, Mexico, Central America, Canal Zone, and South America. The Company has not been authorized to and does not carry traffic moving entirely within the Continental United States.

On December 31, 1960, the Company employed 23,271 persons in many crafts and classes. A large majority are represented by labor organizations, including flight engineers (Flight Engineers' International Association), pilots (Air Line Pilots Association), flight service attendants, mechanics, ground service employees and port stewards (Transport Workers Union), service supply clerks (International Brotherhood of Teamsters), dispatchers (Air Line Dispatchers Association), and clerks and related employees (Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees).

The Union involved in this dispute is the Pan American Chapter of the Flight Engineers' International Association, AFL–CIO (hereinafter referred to as FEIA or as the Association). It represents approximately 500 of the Company's employees in the classification of Engineer Officers and Assistant Engineer Officers. At times some of these men serve as Check Engineers or Engineer Instructors. The men are principally stationed at bases in New York, San Francisco, Miami, and Frankfurt, Germany. A small number are based in Seattle and Houston.

FEIA and PAA have bargained collectively since 1945. Their first Agreement, signed on January 11, 1946, was result of an arbitration proceeding. Seven subsequent Agreements have been reached, one by direct negotiations, one by arbitration and five by mediation. The present dispute is the first between the parties that has required the use of a Presidential Emergency Board. The last Agreement, the result of mediation, was signed on November 1, 1957, to be effective until June 1, 1960.

II. BACKGROUND OF THE DISPUTE

Article 29 of the 1957–1960 Agreement provided that the Agreement "shall remain in full force and effect until June 1, 1960, and shall be reopenable on that day or any day thereafter upon thirty (30) days written notice by either party pursuant to the Railway Labor Act, as amended." Under date of March 8, 1960, the Association served notice on PAA, under Section 6, Title I of the Railway Labor Act, as amended, of its intention to reopen the Agreement. On April 20, 1960, the Association proposed to PAA a substantial number of modifications and additions to sixteen (16) of the twenty-nine (29) Articles of the then existing Agreement. On May 5, 1960, PAA served notice on FEIA of its proposals to amend or clarify nine (9) Articles of the Agreement. During subsequent months negotiations were conducted between the parties and efforts at mediating the disputes were made by the National Mediation Board. (The National Mediation Board assigned Code No. A–6245 to these disputes on May 31, 1960.)

On Saturday, October 1, 1960, the flight engineers of PAA refused to accept flight duty. On October 2, 1960, an "Understanding" was signed by the parties which provided: (1) One hour credit for pay and flight time limitations for every four hour elapse period from the time an engineer is required to report for duty or actually reports (whichever is later) to a point of time one-half hour after he returns to the blocks at his base station; and (2) seventy-five (75) days notice in advance of furlough plus furlough pay in the amount of $1,600.00. The Engineers returned to work on October 2, 1960, by agreement, without disciplinary or recriminatory actions or penalties and without a lawsuit, grievance or other proceeding being filed against the Association.

Negotiations, in the presence of the Mediator, continued without success. On January 9, 1961, the National Mediation Board recommended that the parties submit the issues to arbitration. On January 10, 1961, PAA accepted the proffer "subject only to the condition

that the parties agree upon suitable questions to be arbitrated by the parties." However, FEIA declined to arbitrate.

When the efforts of the National Mediation Board proved unsuccessful, the Board certified the dispute to the President in accordance with the provisions of Section 10 of the Railway Labor Act. On February 17, 1961, the President issued Executive Order 10919 creating Emergency Board No. 135 to investigate the dispute "between the Pan American World Airways, Inc., and certain of its employees represented by the Flight Engineers' International Association, PAA Chapter" which, "threatens substantially to interrupt interstate commerce to a degree such as to deprive the country of essential transportation service."

In due course the President appointed as members of the Board: Edward A. Lynch of Pottsville, Pennsylvania, Arthur Stark of New York City, New York, and G. Allan Dash, Jr., of Philadelphia, Pennsylvania, Chairman.

The Board convened in New York City on April 24, 1961. It held seventeen hearings between April 24, 1961 and June 8, 1961. During these hearings the parties were given the opportunity to present all of the evidence, testimony and argument they desired with respect to the many issues in dispute. The Company was represented at the hearings by Everett M. Goulard, Vice President, Robert S. Hogueland, Assistant Vice President, and Albert E. Philipp, Jr., Esq., Counsel. The Association was represented by Herman Sternstein, Esq. (Labor Bureau of the Middle West), Paul Chorbajian, President of the PAA Chapter of FEIA, William A. Gill, Jr., Vice President, John H. Burton and Karl Anderson. The record of the proceedings (including posthearing summary statements) consists of 2,071 pages of testimony and argument and 241 exhibits.

Shortly after the President issued Executive Order 10919 on February 17, 1961 creating Emergency Board No. 135, PAA flight engineers plus those of six other airlines (to wit, Eastern Airlines, American Airlines, Trans World Airlines, National Airlines, Flying Tiger Line, and Western Airlines) refused flight assignments. By midnight, February 17, 1961, there was a work stoppage in progress affecting the majority of the flight engineers in the air transport industry of the United States. This stoppage, which lasted slightly more than six days, in the words of Secretary of Labor Authur J. Goldberg, had "in the immediate background * * * the stated fear of the men involved that the decision of the National Mediation Board in File No. C–2946, involving United Air Lines, jeopardizes their jobs with the other carriers which they are striking, and their union's bargaining rights and status."

The stoppage was terminated a few days after the President of the United States issued Executive Order 10922 setting up a Presidential Commission "to consider differences that have arisen regarding the performance of the flight engineer's function, the job security of employees performing such function, and related representation rights of the unions" (FEIA and ALPA) on six of the carriers noted above. On March 18, 1961, Executive Order 10922 was issued amending Executive Order 10921 and including Western Airlines in its coverage.

When Executive Order 10921 was issued, Labor Secretary Arthur J. Goldberg issued a statement which noted, in part:

> So that the commission * * * may operate without pressure and in an atmosphere conducive to its effective work, I have requested and obtained the assurance of the struck carriers that, provided the men promptly return to work, there will be no disciplinary action taken against the strikers; that the status quo under existing agreements will be maintained; and there will be no change of training procedures or effect on representation rights until the commission has concluded its work, which hopefully should be within ninety days.

The Presidential Commission (usually referred to subsequently as the "Feinsinger Commission," after its Chairman, Professor Nathan P. Feinsinger) though not required to report back to the President within any specific interval made a report (not necessarily a final one) on May 24, 1961. Anticipating that the Commission would be ready to report on or about that time, the parties to the present dispute mutually agreed to an extension of the date for the report of Emergency Board No. 135 to June 20, 1961. On March 18, 1961, the President issued Executive Order No. 10926 amending Executive Order No. 10919 and extending until June 20, 1961, the time within which Emergency Board No. 135 was to report its findings to the President.

During the course of the hearings before Emergency Board No. 135, and subsequent thereto, the Board explored the possibility of a mediated settlement of the matters in dispute. These efforts, however, were not successful, in part, at least, because of the differing opinions of the Company and the Association as to the intimacy of the relationship between the issues before the Board and those being considered by the Commission.

III. THE ISSUES

A. FEIA PROPOSALS

On March 8, 1960, FEIA submitted its detailed proposals for modification and improvement of the Agreement. Some additional

requests were subsequently made. Since it is not our intent to discuss each proposal in detail, it may be helpful to itemize the entire list of Association demands at this point:

Article	*Subject*	*Sections covered by proposals*
3	Training and Qualification	(f), New.
6	Annual Seniority List and Protests	(a).
7	Loss of Seniority	(c) and (d).
8	Reduction in Force	New.
9	Reinstatement and Promotions	(a) and (b).
10	Compensation	All Sections.
11	Hours of Service	All Sections.
12	Base Station Transfers	(d), (g), (i), (j), New.
13	Aircraft Assignments	(a), (c), New.
14	Traveling Expense, Layover Facilities and Foreign Station Allowance.	(a) and (b).
15	Vacations	(d), (e), (g), New.
19	Investigation and Discharge	(a).
21	Board of Adjustment	(d) and (m).
22	Sickness and Injury	New.
23	Physical Examinations	(a), (b), (c), New.
25	Missing, Internment, Prisoner or Hostage of War	New.
28	General	New.

Appendix B—Letter of Understanding on Lockheed 1049 Aircraft.
Letter—April 16, 1960, "PAA–FEIA, PAA Chapter Reimbursement Procedure.
New—Company-paid Group Life Insurance Plan.
New—Cooperative Retirement Income Trust Plan.

B. PAA PROPOSALS

On May 5, 1960 PAA submitted proposals covering:

Article	*Subject*	*Sections covered by proposals*
2	Definitions	(c).
3	Training and Qualifications	(f).
9	Reinstatement and Promotions	(a), New.
11	Hours of Service	(f).
12	Base Station Transfers	(g).
13	Aircraft Assignments	(a), (b), New.
25	Missing, Internment, Prisoner or Hostage of War	New.
28	General	(d).
29	Duration.	

New—Reserve Engineer Officer Category.

IV. DISCUSSION OF THE ISSUES

A. GENERAL

The function of an Emergency Board, under ordinary circumstances, is to submit recommendations which will enable the parties to resolve all the issues separating them. Techniques may vary; some Boards make recommendations on only the major subjects of dispute:

others endeavor to dispose of each submitted item. Whatever technique is used, however, the underlying assumption is the same. The parties, following receipt of the Board's report, will be in a position to enter into a new collective bargaining contract which finally disposes of all requests of both employer and union.

This Board would like nothing better than to be able to accomplish this purpose. Unfortunately, we cannot.

The reason is not hard to find. *The parties themselves* are not now in a position to resolve some of the major issues placed on the bargaining table. This inability is strikingly illustrated by the fact that during seventeen hearing days (and presentation of more than 2,000 pages of testimony) *neither* side suggested to the Board what it might consider an appropriate contract term. Actually, of course, the length of contract usually is directly related to the wages-hours-conditions package which is agreed upon. Difficulty in assigning a proper term reflects a similar difficulty in setting proper wages, hours, and conditions.

PAA and the Association, in our judgment, are faced with a unique and probably unprecedented set of circumstances. By the same token, the Board faces a dilemma which none of its predecessors has had to meet. The problem is indicated by the following facts.

FEIA, in its new contract proposals, has requested, among other things: (1) Reduction of yearly flight time hours from 950 to 780; (2) reduction of quarterly flight time hours from 255 to 210; (3) limitation of scheduling to eight hours flight time or twelve hours duty time within a 24 hour period; (4) liberalization of "free-of-duty" days provisions; (5) new report guarantees; (6) changes in methods of computing flight time; (7) increases in pay (a) to compensate for the proposed reductions in hours, (b) to raise the living standards of flight engineers; and (8) additional furlough pay.

The net effect, clearly, of many of the above proposals would be to require the employment of additional engineers at considerable expense.

The Presidential Commission on the Airlines Controversy, as already noted, has before it issues concerning "the performance of the flight engineers' function, the job security of employees performing such function * * * " and related representation matters. The Commission, in its first report, made suggestions for reduction of the present crew on jets from four to three men (PAA has a minimum of four) and for "reasonably adequate" protection of job equities of employees affected by such reduction including, possibly, severance pay, early retirement, or transfer to a suitable ground job.

More significantly (from the standpoint of this Board's problem), it was apparently anticipated that bargaining "within the frame-

work" of the Commission's recommendations would be initially instituted in Washington under the Commission's auspices and, when general principles have been established, further bargaining on the Commission's recommendations might be extended to each carrier.

It is the Board's understanding that the Commission expected the first stage of bargaining to require some 30 days. (Discussions between the parties commenced on June 13, 1961, even as this report was being written, and have been adjourned until early July.) Moreover, it is understood that the Commission expects the parties periodically to report their progress, leaving the door open for possible "further action" by that Commission, if necessary.

The Board is of the opinion that the Commission does not view the possibility of reduction in hours as a method of providing work for engineers (or pilots) displaced by extended use of jet equipment. However, the Board has been informed that FEIA has urged this course and will probably continue to do so. FEIA has also made numerous demands on PAA to reduce the hours of service of its Engineers. (ALPA, too, in its current negotiations with PAA, has requested reduction in flight time, the details of which we do not know.)

One thing seems clear. There has been no serious bargaining between PAA and FEIA on the subject of a reduction of hours. Their positions today are precisely what they were over a year ago. This is true, largely, we believe, because hours reduction is so intimately connected with wages and wage costs. Aside from the rationale behind the demand to lessen hours (health, or "equity," or to provide additional jobs), the simple fact is that the cost impact is of paramount importance.

The dilemma of this Board—and of the Parties—now becomes apparent. PAA is in no position to offer significant concessions (assuming it might otherwise do so) on major hours and wages proposals of the FEIA until it has knowledge of the outcome of the Commission's proceedings (including possible individual carrier negotiations to "implement" agreed-upon general principles). Although the Commission's recommendations, ultimately, are expected to lead to reduced flight crews and substantial savings, the short-run transition period may well require costly adjustments in severance pay, training, and other provisions.

This Board has no crystal ball, either. We find it impossible to fashion sensible recommendations on many of the FEIA's key demands, since the positions of the Parties may be drastically altered following the completion of the Commission's work. Were we to make suggestions in these areas, it is our belief that they would prove ineffectual and meaningless—an exercise in futility.

Moreover, recommendations from this Board on matters related directly or indirectly to the Commission's current endeavors might do more harm than good. Certainly, if an "industry" approach is the order of the day, then PAA and its Engineers, both of whom are important parts of the "industry," should not be prompted to make decisions which might diminish the possibility of success in the broader arena.

What, then, can this Board do to help the Parties? Can we make recommendations, outside the major cost areas mentioned above, which should help resolve some issues, clarify others and, in general, constitute a basis for (1) continued labor peace and (2) further negotiations? We believe that attainment of these limited goals is possible.

The Board is convinced that some affirmative action can and should be taken now. The Engineers' contract expired over a year ago. Their impatience at the lack of progress in bargaining is understandable; it seems likely that this feeling will be heightened by the further delays which are in prospect. Dissatisfaction and frustration can only promote bad relations and low morale.

Our study of the evidence and assessment of the present situation convinces us that the suggestions which follow represent sound labor relations procedures and constitute a reasonable adjustment of the current dispute to the maximum extent that adjustment is now feasible.

We will recommend shortly that the Parties negotiate, forthwith, a Provisional Agreement which will carry forward (from June 1, 1960) the terms and conditions of the old Agreement with certain changes and additions. This contract, we will urge, should include a retroactive wage increase designed for the limited purpose of "washing out" pre-1961 issues. (This will not necessarily be determinative of what might constitute a proper post-1961 increase.)

We will recommend, further, that the Parties negotiate into this Provisional Agreement, effective June 1, 1961, or as soon thereafter as practicable, provisions which will (1) continue in effect the interim understandings reached on October 2, 1960 (though we cannot condone the manner in which they are obtained); (2) grant the Union's requests in specified areas noted below; and (3) grant certain Company requests as noted later.

We will also recommend that all remaining requests of the Parties should be withdrawn, with the exception of those which we will designate as "open" issues.

If the recommendations hereinafter set forth are followed, the Parties will have disposed of all their differences covering the year

from June 1960 to June 1961. They will also have a new and current Agreement (for a period to be determined later, but commencing June 1, 1961) which will be "closed" except for the specified wages and hours items. Finally, they will be free to bargain over these "open" items—including wages, retroactivity, hours, contract term, and the accomplishments arising out of the Commission's work—at an appropriate time.

B. OPEN ISSUES

As stated above there are a number of major issues which, the Board is convinced, the Parties must later negotiate upon in the light of subsequent events, including the outcome of the Presidential Commission's work, the overall cost impact of each issue in relation to all others, etc. In the Board's opinion, it would do one or both of the Parties an injustice if it should now attempt to evaluate their respective positions on these several issues. Later—and with the Board Members' help, if the Parties so desire—these issues can be resolved by negotiations when all relevant factors are known. These issues, which, we will recommend be held in abeyance for later negotiations, are set forth in the following pages.

1. Furlough Pay

The Association proposes that a new paragraph be added to Article 8 which would provide that an employee who has completed twelve months of service with the Company as a Flight Engineer, and who is furloughed as a result of a reduction in force, would receive furlough pay at his last monthly guaranteed rate for the number of months which are equal to his years of service. To implement this proposal, the Association further suggests that (1) the number of months of furloughed pay which may be paid to a particular individual be deducted from the number of months allowable in future periods of furlough, and (2) monthly furlough pay be reduced by the amounts paid furloughed Flight Engineers under applicable state unemployment insurance laws.

The Association notes that as of January 1, 1961, a total of 147 engineers were on furlough with only approximately 490 men left on the active list. It states that the bulk of these furloughs became effective between October, 1958 and January, 1961 with the advent of jet equipment. Since the Company plans to replace more and more of its piston equipment with jets, there will result an additional reduction in the total number of crews. The Association urges, therefore, that no time be lost in adopting a furlough provision to provide adequate compensation for the engineers displaced through these technological developments. The Association cites a number of sever-

ance pay plans in other industries in support of the type and extent of benefits it has here proposed.

It is to be noted that the October 2, 1960 "Understanding" signed by the Parties provides that engineers will receive 75 days advance notice of furlough and, upon furlough, are to be paid $1,600. (This Understanding is to become null and void as of the date of final resolution of the furlough pay issue or July 1, 1961, whichever is earlier.) Since furloughs are made, under the Agreement, from the bottom of the seniority list, the men actually furloughed come from the Assistant Engineers' classification.

The 75 days notice plus the $1,600 of furlough pay is viewed by the Association as providing the furloughed engineer with a total of approximately five months of wages, at the Assistant Flight Engineers' rate, subsequent to the date the notice of furlough is received. The Association seeks here to establish a type of furlough pay arrangement that will continue the furloughed engineer's guaranteed monthly rate for a period commensurate with his service.

The record shows that some fifteen engineers, furloughed on January 15, 1961, have received furlough pay under the October 2, 1960 Understanding. (In January 1961, 147 men were on furlough.) Some of the furloughed engineers may be recalled. If they are, the Association seeks here to have them covered by the new furlough provision.

The Company points to the temporary nature of the furlough pay arrangement agreed to on October 2, 1960. It does not agree that any need has been shown for its continuance beyond July 1, 1961, and, in fact, urges that it be discontinued. It contends that the cost impact of the Association's proposal would be $100,000 annually, and argues that it should not be burdened with costs of such magnitude which no other airline must bear.

The matter of furlough pay is currently under discussion in another arena. In its May 24, 1961, report, the Presidential Commission recommended that flight engineers and pilots who might suffer the loss of job opportunities as a consequence of the transition from four-man crews to three-man crews on jet equipment (whether or not they have achieved promotion to such equipment) should have their equities "recognized in some practical form such as a cash allowance in an amount depending on the nature and extent of the particular equity involved, length of service with the particular airline * * * and other relevant factors." Under present circumstances, therefore, the Board believes that, although continuation of the existing furlough pay plan for the PAA Flight Engineers is appropriate, no purpose would now be served by making additional recommendations in this

area. The Parties should reconsider this issue in their subsequent negotiations following termination of the Presidential Commission's work.

Recommendation

The Board recommends that the Association's proposal to place a new Paragraph in Article 8 providing for furlough pay, in excess of that contained in the October 2, 1960 "Understanding," be held in abeyance. The issue is returned to the Parties for their later negotiations.

2. Automatic Promotion to Flight Engineer Officer

The Association proposes that Article 9(b) of the Agreement be amended to provide that promotions to Engineer Officer status be made automatically from the System Seniority List when each employee attains three and one-half years of service. It would accomplish this by eliminating Article 10(b)4 from the Agreement (the provision which records the existing arrangement for placement of a promoted Assistant Engineer Officer in the wage scale of the Engineer Officers) and adding to Article 9(b) a sentence reading: "In no event shall the promotion of an Assistant Engineer Officer to Engineer Officer be delayed beyond completion by him of three and one-half (3½) years service as a Flight Engineer."

The Association here seeks to place limits upon the Company's continued use of a classification of Assistant Flight Engineer Officer partly on the grounds that it is the only airline in the United States which employs men in this status. It notes that these men have the same license, qualification and training as Flight Engineer Officers, and argues that these men do the same work as the men of Flight Engineer rank. It points out that all but a handful of the men presently classed as Assistant Flight Engineer Officers occupy that classification as the result of a reduction in force, having actually been Flight Engineer Officers on one or more occasions in the past—some for extensive periods.

The Company denies that the men in this classification must possess the same training and qualifications as Flight Engineer Officers. The fact that the large majority of the men in this Classification have been Flight Engineer Officers in the past is viewed by the Company as being meaningless as a determinant of the rate treatment to be accorded this classification. The men in the classification simply assist the Flight Engineer Officer, the Company states, and they neither carry equivalent responsibility nor are they required to be as trained or qualified as the higher rated Engineer. Finally, the Company estimates that adoption of this proposal, exclusive of all others made by the Association, would cost about $259,000 per year.

The nature of the Company's business (i.e., the extensive need for long-range crews flying in excess of twelve hours) has undoubtedly caused the classification of Assistant Flight Engineer to come into existence over the years. No doubt the men in this classification served much more as assistants to the Flight Engineer Officers in past years when the average length of service was low and when the average man's qualifications, training and experience in the classification was considerably less than it is now. It is probable that the large majority of men who now work within this classification are so qualified and trained that the sole difference between them and the Flight Engineer Officers with whom they serve is one of responsibility for the work performed.

Other things being equal, it might well be that now is the time to give real thought to providing for automatic promotion of Assistant Flight Engineers to the status of Flight Engineers, or, in the alternative, to reducing the rate differential between the two classifications. But the Board cannot be unmindful of the fact that the substantial cost of this proposal, if adopted, might well limit the Parties' ability to accomplish more effective steps in the direction of job security for a larger number of Engineers. On the other hand, the Parties might possibly decide that this proposal is a sound one in relation to the overall attempt to improve job security. They are in a much better position than is the Board to make this evaluation. The record makes it abundantly clear that they cannot consider this proposal without reference to the other important cost factors and job security issues which are pending. The Board is convinced that they should have the opportunity to do so free of any immediate evaluation of the proposal by the Board.

Recommendation

The Board recommends that the Association's proposal to amend Article 9(b) and delete Article 10(b)4 so as to provide for automatic promotion from the classification of Assistant Engineer Officer to that of Engineer Officer, be held in abeyance. The issue is returned to the Parties for their later negotiations.

3. Reimbursement Procedure

On April 6, 1960, the Parties established a "PAA–FEIA, PAA Chapter Reimbursement Procedure" to provide reimbursement of Association officers or representatives while engaged in Association business. If, ultimately, the Parties agree to a change in hours, such as a reduction in minimum guarantee, the details of this Procedure will have to be changed, too.

Recommendation

The Board recommends that the Parties hold this item in abeyance pending final resolution of the other "Open" items.

4. Rates of Compensation

The Association proposes that, effective June 1, 1960, Article 10, Section a, 1 and 2, and Section b, 1 and 2, be changed so as to increase the various rates of compensation for Engineer Officers and Assistant Engineer Officers as follows:

Engineer Officer Pay

	Existing rates	*Proposed rates*
Longevity pay:		
1st 6 months	$4.35 per hour	$6.00 per hour.
2d 6 months	$4.70 per hour	$6.50 per hour.
3d 6 months	$5.05 per hour	$7.00 per hour.
4th 6 months	$5.40 per hour	$7.50 per hour.
5th 6 months	$5.75 per hour	$8.00 per hour.
6th 6 months	$6.10 per hour	$8.50 per hour.
7th 6 months	$6.45 per hour	$9.00 per hour.
8th 6 months	$6.80 per hour	$9.50 per hour.
9th 6 months and thereafter.	$7.15 per hour	$10.00 per hour.
Pegged speed	One and eight tenths cents ($0.018) per mile flown.	Two and five tenths cents ($0.025) per mile flown.
Mileage pay	One cent ($0.01) per hour for each one thousand (1,000) pounds of maximum weight up to 150,000 pounds.	One and four tenths cents ($0.014).
	Plus one-eighth of a cent ($0.00125) for each one thousand (1,000) pounds in excess of 150,000 pounds.	Seven tenths of one cent ($0.007).

Assistant Engineer Officer Pay

1st 6 months	$505.00/month (total pay)	$550.00 per month.
2d 6 months	$530.00/month (total pay)	$600.00 per month.
3d 6 months	$8. 37 per hour flown	$11.75 per hour flown.
4th 6 months	$8.73 per hour flown	$12.25 per hour flown.
5th 6 months	$9.09 per hour flown	$12.75 per hour flown.
6th 6 months	$9.45 per hour flown	$13.25 per hour flown.
7th 6 months and thereafter.	$9.81 per hour flown	$13.75 per hour flown and Engineer Officer pay thereafter.

Most of the Association's compensation proposals represent requests that the several rate factors be increased by approximately 40 percent. The major variations are (1) the starting rates for Assistant Flight Engineers, where the proposed increase is 11 percent, and (2) the mileage-weight rate (for equipment over 150,000 pounds) where the proposed increase is 460 percent.

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Slightly more than one-half of the rate increases proposed by the Association are designed to offset the reduction in take home pay which would occur if its proposals for reduction in hours were adopted, i.e., their purpose is to maintain present earnings at reduced hours. The remaining part of the proposed rate increases, the Association states, is designed to (1) offset the increases in the cost-of-living which have occurred since June 1, 1957 (slightly over 6 percent between June 1, 1957, and June 1, 1960), when wage rates were last increased, and (2) to allow for an improved standard of living made possible by the increase in productivity in our economy (which it estimates averaged at least 3 percent per year) and the increased productivity of the Company's Engineers in particular.

The Association argues, further, that PAA Engineers' wages should rise no less rapidly than those of other skilled workers and should enable them to share in the constantly improving standards and level of living which characterizes the continuing vitality of the American economy. It urges, additionally, that since PAA has been a "pace setter" in establishing the level of wage rates among United States airlines, it should maintain the differentials which have placed it in that position.

The increase in monthly earnings that would result from the Association's proposals, depending upon the type of equipment flown, would range from 14 percent to just over 18 percent, averaging in the vicinity of 16 percent.

The Company contends that the wage increases proposed by the Association (leaving aside, for the moment, those which would offset proposed reductions in hours) are unrealistic. It estimates that these increases range from 19 to 24 percent for Engineer Officers, and from 9 to 20 percent for Assistant Engineer Officers. Combined, the two types of wage increases sought by the Association are characterized by the Company as exhorbitant, since they would cause an increase in Engineer wage costs approximately 39 percent on piston equipment and 45 percent on jet equipment. In terms of yields at 80 hours per month, the Company believes that the total annual cost of the direct pay proposal would exceed $2,800,000 as compared with a 1960 total Engineering payroll of $6,990,000.

In the Company's opinion its Engineer's rates of pay are equal to or exceed the current industry rates on both jet and piston equipment. Neither cost-of-living nor productivity theories are properly applicable to its rates, it argues. It maintains that benefits derived from increased productivity of its Engineers are built into the Flight Engineer pay formula. It suggests that the Consumer's Price Index cited by the Association is inapplicable because it covers worker's families far below the $12,000–$16,000 per year wage bracket occupied

by PAA Engineers. The Company also suggests that the large majority of its Engineers have enjoyed substantial wage increases during the past three years as a consequence of promotions to higher rated equipment (following the introduction into service of a large number of turbo jets in 1958). Finally, PAA maintains that, by any and all of the usual wage-determination criteria, the current rates of pay of its Engineers and Assistants are adequate and require no change whatsoever.

In a later section of this report the Board will set forth its recommendations for a retoactive wage increase for the period from June 1, 1960, to June 1, 1961. The Board is convinced, however, that it cannot make a recommendation, at this time, regarding additional increases, if any, which should be made beginning as of June 1, 1961.

Consideration will be given in the next section of this report to the Association's proposal for reductions in hours of service. But, until that question is resolved there is no point in the Board suggesting any particular rate increase to maintain existing pay levels. If the parties mutually decide to reduce hours they can then determine the amount of wage increase, if any, that is required to offset all or part of the reduction in take home pay that would otherwise occur. After they do this, they can then estimate the total cost of the increase in the wage bill that will result, and will then be in a position to negotiate the amount of money, if any, which might be available to grant further general or limited wage increases.

If money available for wages is spent in whole or in part in offsetting an agreed-upon reduction in hours, it is axiomatic that such monies will not also be available to grant across-the-board or other types of increases. Reductions of hours without loss of pay has been characteristic of unionized American industry in periods of relative industrial prosperity when wage increases have been in the offing. Instead of using all the available monies for wage increases on such occasions, labor and management have often agreed that otherwise warranted wage increases should be foregone, in whole or in part, to permit a reduction of hours without reduction in take-home pay. Thus it is not usual to have substantital wage increases coincide, in point of time, with significant hours reductions.

If the parties to this dispute reach the ultimate conclusion that hours will not be reduced during the existence of the "Provisional Agreement," hereinafter suggested, they may be able to negotiate an additional wage increase for the period beginning June 1, 1961, or some later date.

The Board is in no position at this time to recommend a rate increase beginning on or after June 1, 1961, because it obviously has

no way of determining what the parties will finally negotiate on the issue of a reduction of hours. Only if such information was at hand would the Board be able to evaluate the many significant arguments of the parties and make a meaningful recommendation concerning the Association's proposals.

Before the Board's comments and recommendations on the issue of "Rates of Compensation" are concluded, reference should be made to one other Association proposal that deals with Article 10, the Compensation provision. The Association has proposed that Article 10, Section (a) 5 be amended to reduce the minimum pay guarantee from 70 to 60 hours, i.e., commensurate with the hours reduction proposal. Both proposals are obviously so closely related that the Board's determination to return the hours reduction proposal for later negotiations requires that the minimum pay proposal be treated the same.

Recommendation

The Board recommends that the Association's proposals for increases in rates of compensation for the period beginning June 1, 1961, as covered by Article 10, Sections (a) and (b), be held in abeyance, largely because of the uncertainty as to the final outcome of the Parties' negotiations concerning the Association's requests for reductions in hours. This proposal is returned to the Parties for later negotiations.

5. Hours of Service

The Association proposes a number of modifications and additions to Article 11 in order to accomplish the following changes in hours of service.

(a) Eliminate the Section (a) statement that, "The yearly flight time of Engineers shall not exceed nine hundred and fifty (950) hours," and substitute a statement that "An Engineer shall not be scheduled in excess of seven hundred eighty (780) hours per calendar year."

(b) Reduce the existing flight schedule maximum hours per calendar quarter from 255 to 210.

(c) Introduce a maximum limitation of "eighty-five (85) hours per calendar month."

(d) Add a new paragraph to provide: (1) When an Engineer operates a flight requiring only one Flight Engineer, he shall not be scheduled to exceed 8 hours flight time or to remain on duty in excess of 12 hours in any 24-hour period; (2) "Scheduled on-duty time shall be deemed to begin at least one and one-half (1½) hours prior to scheduled departure and end one-half (½) hour after scheduled arrival;" and, (3) Deadhead time prior to scheduled duty time shall be considered duty time.

These are major Association proposals on which great emphasis has been placed. FEIA argues that the industry's evident intent, over the years, to permit employees and carriers to share jointly in the industry's progress, made possible by bigger and faster airplanes, now calls for a reevaluation of the basic plan of hours of service which is 30 years old. It notes that a number of authorities in the past have suggested that it would be appropriate to reexamine the hours problem when significant numbers of fast planes (325 miles an hour and more) are in service.

Jet planes, the Association claims, have drastically changed the balance between work hours and pay hours, and have added substantially to the overall duty and work time of flight crews while reducing the relative amount of pay time. Expressed differently, the Association holds that a relatively smaller portion of time on duty is spent in flight on jet aircraft, and a relatively longer amount of duty is spent in ground duties on jets, as compared with piston aircraft. Interpolated into flights, the Association affirms, this means that Flight Engineer Officers must make more flights on jets to get in their monthly flight time (with more trips to and from airports) than they did on piston aircraft.

While the "one in four" principle (see Part C–2 of this Section of the report) has helped somewhat since October 1960 to alleviate the problems complained about by the Association when its proposals were originally made in March, 1960, it is not the final answer, in the Association's opinion. FEIA notes that this principle does not operate on all runs, it covers only elapsed time and is not properly reflective of the balance between duty time and flight time unless a layover away from home is long enough, and does not touch on the necessity that men make more flights on jets, than on pistons, to obtain their maximum monthly flight time.

Savings in crew costs, "7-to-8-fold" improvements in productivity via the standard of "output per man hour" (i.e., gross ton miles per Flight Engineer man hour), increases in available seat miles per Flight Engineer man hour, and increased revenue passenger miles and revenue ton miles per Engineer pay hour have accompanied the Company's substantial and continued use of jets, the Association maintains. The large investment of Company funds to finance the purchase of jets is recognized by the Association. But, it argues, this is not a factor to be used to reduce compensation or retain long hours that by all other criteria should be changed. To do so, in the Association's opinion, would be to foist on Flight Engineers a part of the cost of the jets.

In the Company's opinion, a careful analysis regarding the "onerous nature" of the working conditions allegedly flowing from the operation of jet aircraft, in light of the historical and current working conditions of PAA Flight Engineers, the current working conditions of Flight Engineers on other carriers, and the working conditions of railroad engineers as cited by the Association, reveals that not only is evidence of poor or onerous working conditions lacking, but—by any reasonable standards—the working conditions must be considered excellent.

Flight Engineers of the Latin American Division of PAA (and of other carriers) are, and have been for a long time, making more trips to airports per month for piston flights than do PAA jet Flight Engineers, the Company observes. Furthermore, the Company asks, how can the connotation of onerousness be attached to a jet pattern, for instance, that requires only 323 hours of "duty" time in a calendar quarter (108 per month) to achieve maximum flight time? Additionally, the Company notes, the "duty" time of its jet Engineers is less than that of Engineers on two major United States airlines, including one substantial competitor. Moreover, it argues, the average PAA jet-assigned Engineer, based in New York, is away from his base station less than a piston-assigned Engineer at the Latin American Division's New York base.

Evidence presented by the Company showed that no airline agreement contains a provision restricting flight hours either to 780 hours per year or 210 per calendar quarter. The industry's international pattern provides a 255 quarterly limit, even on most of the carriers which have an 85 hour monthly limit on their domestic operations. According to Company computations placed in the record, the annual cost of the Association's proposal to limit flight time to 210 hours per calendar quarter (exclusive of the cost of other proposals) would be about $1,335,000, and that for limiting flight engineer duty to eight hours per flight and total duty to twelve hours in any 24 hour period would be about $1,500,000. (The significance of these cost estimates is obtained by comparing them with the 1960 total wages of the Engineers of $6,990,000.)

The Company believes that the Association's proposals to reduce hours of service, though it professes to have as an objective a reduction of hours because of alleged burdensome conditions, are clearly both a wage demand and a work sharing device. It urges that the Board recommend against their adoption in any form.

In this single area of the dispute between the parties, the Board has extended the greatest share of its attention and consideration. After careful thought, it has concluded that there simply is not enough

material in the record to permit it to conclude that the change in the job of the Engineer, that has been occasioned by the widespread use of the jet planes, has been accompanied by such difficulties, burdens, onerousness or added work as to warrant a recommendation for a reduction in the hours of service on the job. The Board recognizes that the Association is anxious that the Engineers obtain a reduction of hours so they may retain the total hours of service they have rendered in the past for a given number of paid flight hours. But the level of total hours of service has been reduced by varying "rigs," over the past several years, so as to raise significant questions, in the Board's mind, whether there are sufficient grounds, in the record, to warrant a reduction of hours at the present time based solely on these Association arguments.

The Board is not convinced, however, that the area of a reduction of hours for Engineers (and, parenthetically, the pilots) is void of any potential significance for the parties in the near future. The Association has purposely avoided reference to any aspect of its proposals that might possibly involve a question that may be under consideration in other areas. The Company has urged that the Association, in these proposals, is trying to bring into being more jobs for its members (in service or on furlough) by spreading the available work.

The Board is unable to conclude, on the basis of the record, that a reduction in the maximum hours of work of Engineers is totally foreign to a number of the questions of job security with which the Parties are presently concerned. But the Board does not have before it the question of a reduction of maximum hours for Engineers as one possible element of future job security for such Engineers. The Board would be quite blind, however, if it did not recognize the Parties' obvious interest in this area. Therefore, to avoid eliminating, at this time, the factor of a potential reduction of maximum hours of service for Engineers as a genuine area of interest of the Parties in their future discussions of the job security question, the Board deems it best to return this proposal to the Parties for their later negotiations.

Recommendation

The Board recommends that the Association's proposals for changes in Article 11 to reduce the maximum hours of service of Engineers, and to provide a further limitation of the hours of flight time and duty time within each 24-hour period, be held in abeyance. The proposals are returned to the Parties for later negotiations.

6. Report Guarantee

The Association proposes that Article 10, (a), 7, be changed, and be placed in Article 11, to provide that: "When an Engineer reports

to the airport for flight duty, other than for his own training on his initial aircraft checkout, and he fails to fly or flies less than two (2) hours, he shall receive not less than two (2) hours credit for flight time limitations and pay purposes."

The increase in the number of trips the Engineers on jets must make to airports to obtain their maximum number of flight time hours, and the accompanying increase in the number of reports that fail to result in any actual flight time, is one of the main reasons cited by the Association in support of this proposal. With the overall increase of the relative amount of duty time to flight time that has come about with the extension of the use of jets, the Association argues, it is necessary that a partial offset of this nature be fashioned to double the report guarantee (it is set at one hour in the June 1, 1957 Agreement) and to extend it to be included in flight time limitations.

The Company observes that no other Agreement covering non-pilot flight engineers provides for a two hour minimum credit for reporting to the airport, and four of the Agreements covering major United States airlines provide no credit of any sort. It contends, further, that this proposal is a costly one, estimating that, exclusive of other Association proposals, its annual cost impact would be about $536,000.

Without doubt, this proposal is a costly one; the Company's estimate suggests that it would cost more than 7.5% of its 1960 annual wage payments to the Engineers. Thus, it is an element of wage cost that must be tied in with proposals for reduction in hours, general increases in wages, and the spreading of available work to enhance job security. As such, it is an issue that should be returned to the Parties for their later negotiations on the major cost items.

Recommendation

The Board recommends that the Association's proposal for a change in Article 10(a)(7) and its replacement in Article 11, to provide for an increase in report guarantee and an extension thereof to flight time limitation calculations, be held in abeyance. This proposal is returned to the Parties for later negotiations.

7. Rest Time

The Association proposes that Article 11, Section 1(e), (2), (3) and (4) be eliminated, Section 1 thereof be revised, and that a new Paragraph be added which will (1) establish new contract rest time to the extent of one-half as many hours as trip time (with certain stated exceptions), (2) add to the contract's present 36 quarterly rest days a monthly requirement for 10 rest days, and (3) define "days free of duty" as "calendar days (00:01 to 24:00 local time) in groups of two (2) or more consecutive days." The proposal also would except from "days free of duty" all "days with standby or during which the Engineer is on call for duty or days with training assignments."

The Association supports this proposal by noting that the present method of counting hours for computation of "days free of duty" often requires Engineers to work on parts of days for many consecutive days. With the advent of fast schedules for jets, the Association observes, Engineers' normal hours of sleep have been significantly affected, requiring that they obtain a number of complete days of rest each month that is at least equivalent to what employees in the bulk of industrial and service employment receive. Thus, the Association argues, the Engineers should be entitled to a minimum of ten calendar days of complete freedom from any duty each month (which will equate their rest time after each trip to at least one-half of their trip hours).

The Company denies the need for this type of change in rest periods. It observes that the computation of rest days, as proposed could actually require, at the extreme, that an Engineer receive three days, 23 hours and 58 minutes of rest to attain two days of rest. It points out that no other airline Agreement provides as many "days free of duty" as does the present PAA–FEIA Agreement, and contends that the annual cost impact of the proposal (free of other costs) would be about $824,000.

The Board's evaluation of this costly proposal (equal to almost 8.5 percent of the 1960 annual wage payments to Engineers) causes it to reach the same conclusion as heretofore expressed in connection with the Association's proposal concerning report guarantee. Accordingly, this issue is returned to the Parties for their later negotiations at the same time as they consider other wage issues, hour reductions and flight time limitations.

Recommendation

The Board recommends that the Association's proposal for modification in, and addition to, Article 11 to establish new contract rest time provisions, including new definitions of "days free of duty," be held in abeyance. The proposal is returned to the Parties for later negotiations.

8. Computation of Flight Time

The Association proposes an addition to Article 11 which would provide specific minima of flight time credits for groupings of "trip times" an Engineer is away from his base station on actual flights. The minimum flight time credit for flight time limitations and flying pay purposes under this proposal would be based upon "trip time," defined as the number of hours which elapse between the time the Engineer is scheduled to report for duty, or actually reports, and one-half (½) hour after he returns to the blocks. The minimum flight

time credit, which the Association proposes should be granted for particular "trip times," is as follows:

1. For "trip times" of twelve (12) hours or less, an Engineer shall receive a minimum of one (1) hour flight time credit for every two (2) hours of "trip time" prorated.

2. For "trip times" of more than twelve (12) hours but less than twenty-four (24) hours, an Engineer shall receive a minimum of six (6) hours flight time credit.

3. For "trip times" of twenty-four (24) hours or more, an Engineer shall receive a minimum of one (1) hour flight time credit for every four (4) hours of "trip time" prorated.

The proposal, as above summarized, was included originally by the Association in its April 15, 1960, list of proposed Agreement changes. On October 2, 1960, an "Understanding" was reached between the Parties under which the principle of this proposal was accepted but with flight time credit for all "trip times" being set as noted in subparagraph 3 above. Thus the "one-in-four" understanding of the Parties, which has been operative since October 2, 1960, adopted the major part of the Association's proposal in this instance. However, some of the language of the Association's proposed new opening paragraph (not recorded above but summarized in part) was not adopted, the proposed flight time credits for "trip times" less than 24 hours were not agreed to, and the "Understanding" is to become null and void with the resolution of the issues presently before this Board.

The Association points out that the "one-in-four" flight pay credit or "duty rig," is among the devices that are being accepted in the industry. It reasons that this trend represents a desire on the part of labor and management in the industry to deal with the hardships that have arisen with the decline of flight time in relation to total duty time. In its opinion, this "duty rig" is a form of guarantee providing an Engineer with a minimum amount of flight time when the total elapsed time of his flight pattern gets out of proportion to his flight time during fast jet operations. The Association presented proof that this same type of "duty rig" is in operation for PAA pilots, and for Engineers of Trans-World Airlines and Eastern Airlines. The Association urges that its proposal in this instance be adopted in the next Agreement with the additional provisions and principles it suggests beyond those included in the October 2, 1960 "Understanding."

The Company urges that the entire arrangement of "one-in-four" should be terminated, and argues that the principle of "minimum flight time credit for time away" should not be added to the next

Agreement. It observes that three of the major United States Airlines have no provisions of this nature, and of the four which have them none provide greater minimum credit than the PAA "Understanding." The Company has not made any separate computation as to the difference in cost impact between the "one-in-four" principle and the somewhat larger flight time credits (for short trips) that would be available if the Union's full proposal here should be adopted. However, on the overall principle it estimates that, standing unto itself, this proposal would have an annual cost impact of approximately $535,000.

In a later section of this report (see C–2) the Board makes a recommendation with respect to the continuation of the "one-in-four" principle under the Provisional Agreement there recommended. As respects the proposal for the provision of additional flight time credit, advanced here by the Association, the Board concludes a recommendation urging adoption would be premature. This is one more major cost item that may be continued, and even extended, after the parties have negotiated on all of the "open issues" returned to them by the Board. It is to be observed, however, that this "duty rig" (even as presently operative) not only should tend to overcome some of the difficulties the Association complains about as a result of the great expansion of jet operations, but it also has the effect of spreading the available work among a larger number of Flight Engineers and thus adds to their job security.

Recommendation

The Board recommends that the Association's proposal for an extension, in form, of the principle of minimum flight time credit for particular groupings of "trip times," be held in abeyance. It is returned to the Parties for later negotiations. A recommendation as respects the continuation of the "one-in-four" principle of minimum flight time for total "trip time," is contained in Section C–2 of this report.

9. "Actual or Scheduled" for Flight Time

The Association proposes that a new Paragraph be added to Article 9 which will provide that, in computing the hours of service of an Engineer for *flight time limitations* and *flying pay purposes*, the actual time from block to block or the scheduled time from block to block for each leg, whichever is greater, should be used on all scheduled or extra section flights (including revenue flying in the same type of aircraft and over the same certified route as regular operating scheduled flights). Actual time from block to block would be used on all other flights.

The principle of this proposal, the Association notes, was first recommended in the American Airlines-Air Line Pilots Associa-

tion Emergency Board report in 1951. Since that time, it observes, the principle has been adopted by most major airlines, at least for flying pay purposes, and on at least one (United Airlines) it is also used for flight time purposes. In the Association's opinion, PAA should follow the trend in the industry and adopt the complete proposal.

The Company presented evidence to show that of the seven Airline Agreements which follow the "actual or scheduled" device, five limit it to pay purposes and do not extend it for flight time purposes. The Company has computed the annual cost impact of this proposal, without differentiating between the two uses of the principle, at about $190,000, exclusive of all other proposals.

The Board makes a recommendation as respects the adoption of the principle of this propsal for pay purposes in a later section of this report (see C–3). The remaining part of the proposal, which asks that actual or scheduled time (whichever is greater) be used also for flight time purposes, has some precedent in two of the seven major airlines which follow the general principle. The Board, however, is not convinced that the two precedents are sufficient to warrant a recommendation in favor of this aspect of the proposal. Rather, the Board feels that this is one more area of the issues between the parties which involves the interrelated questions of hours, wages and other matters upon which the parties should negotiate further. Accordingly, this aspect of the "actual or scheduled" issue will be returned for later negotiations.

Recommendation

The Board recommends that the Association's proposal, that Article 11 be amended to provide for actual or scheduled time (whichever is greater) to be used for purposes of flight time limitation, be held in abeyance. Accordingly, it is returned to the Parties for later negotiations.

10. Flight Time Credit and Flight Time Pay

The Association proposes that a new paragraph be added to Article 11 reading as follows:

All flight times credited for flight time limitation purposes in accordance with Article 11 shall also be credited for pay purposes as provided in this Article.

The record does not make clear the purpose of this proposal, nor does it indicate whether there are situations in which Engineers receive flight time credit for any work or "rig" for which they do not also receive credit for pay purposes. It is possible that there may be such. If there are, this proposal can best be considered by the parties along with other matters relating to hours, wages, etc., upon

which the Parties should negotiate further. The issue is returned for this purpose.

Recommendation

The Board recommends that the Association's proposal, that Article 10 have an addition made to it to provide pay purpose credit for all flight times credited for flight time limitation purposes, be held in abeyance. The proposal is returned to the Parties for later negotiations.

11. Flight Time Credit for Vacations

The Association proposes that Article 15(g) be amended to provide that each Engineer shall be given flight time credit of "one-thirtieth (1/30th) of his guaranteed monthly flight time" for each full day of vacation taken. It also proposes that this flight time credit be used for computation of "monthly and" quarterly flight time limitations. (The first quote above represents a change in the present Article 15(g), and the second quote is an addition.)

The present Article 15(g) provides for flight time credit in the amount of "two and one-third (2⅓) hours" for each full day of vacation taken, and makes no reference to "monthly" flight time limitations because none such exist under the present Agreement.

The Association makes it clear on the record that the proposal to reduce the monthly guarantee (from 70 to 60 hours) and this proposal to compute flight time credit for vacation purposes on the basis of the appropriate fraction of tthe monthly guarantee are inextricably tied together. It states that this proposal cannot stand on its own. Accordingly, it is appropriate that the Board return this issue to the Parties for consideration in negotiations after they determine their ultimate course of action with regard to a reduction in hours.

Recommendation

The Board recommends that the Association's proposal, that Article 15(g) be amended to provide for flight time credit during vacation on the basis of a proportion of an Engineer's guaranteed monthly flight time, be held in abeyance. Therefore, it is returned to the Parties for later negotiations.

12. Duration of Agreement

As already noted, neither side has suggested a particular duration over which their new Agreement should be operative. (The duration understanding will be included in Article 29.) In its Summary Statement, PAA suggests merely that the Board recommend a term sufficient "to insure stability of the relationship for an extended period."

There are too many imponderables to permit the Board to make sensible recommendations on this point at this time. Wages and hours have not been established with any degree of finality. Until

that is done, discussions of an appropriate contract term could only take place in a vacuum.

Recommendation

The Board recommends that the question of the duration of the new Agreement be held in abeyance pending the resolution of other "Open" issues herein returned to the Parties for their later negotiations.

C. 1960 PROVISIONAL AGREEMENT

We come now to our affirmative recommendations on matters which, we believe, should be negotiated at once. In the sections which follow we shall deal with Wages, "One-in-Four," "Actual or Scheduled," Furlough Pay, and the Parties' proposals for changes in present contract clauses.

1. Wages

In Section B–4 of this report the Board returned to the Parties the issue of the rates of compensation that are to become effective for Flight Engineers and Assistant Flight Engineers beginning as of June 1, 1961, or some subsequent date they may mutually agree upon. If the Parties reach an understanding to reduce hours, as previously noted, they may then mutually decide whether they will increase rates of compensation to offset such a deduction in whole or in part and, additionally, whether they will increase such rates still further. This will be for the Parties to decide in their later negotiations.

The Board does not deem it appropriate or equitable, on the basis of the record, to withhold completely any recommendation for a wage increase for the period subsequent to the termination date of the last prior agreement, June 1, 1960. That agreement was operative for three years, starting June 1, 1957, and it provided no wage increases beyond those effective at the start thereof. It is true that many of the Flight Engineers did experience increases in their earnings in the interim because of promotions to high-rated planes which became available as a consequence of the introduction and extensive use of jet. But these advances in pay, not shared in by all employees, in the Board's opinion should not be used to offset otherwise justifiable wage increases.

On the basis of a careful review of the record, the Board concludes that the Flight Engineers and Assistant Flight Engineers should receive an increase of five percent (5%) in their gross earnings effective retroactively to June 1, 1960. The retroactive adjustment may be simplified by the Company paying to each employee an amount of money equal to five percent (5%) of his gross earnings between June 1, 1960, and June 1, 1961. The Parties should

agree as to the formula to be used in applying the increase to the various Agreement rate factors for pay computations subsequent to June 1, 1961. It is the Board's intent that the formula used for increasing the several Agreement rate factors should yield, as key objectives, increases of five percent (5%) in the gross earnings of an Engineer Officer (as compared with earnings under the 1957 Agreement rate factors) in each class of aircraft, at maximum longevity, and computed on an 80-hour basis.

The increased rate factors, once agreed upon, should be made effective June 1, 1961, and be continued until the Parties mutually agree upon an added wage increase, if any, or until they mutually agree to a reduction in hours instead of an added wage increase or part thereof. If they later agree to an additional wage increase, it should be made retroactive to any date they may mutually agree is appropriate, but it is not the Board's intention that such date be prior to June 1, 1961.

Recommendation

The Board makes the following recommendation as respects the wage rate issue:

1. The Company should grant an increase of five percent (5%) to each Flight Engineer and Assistant Flight Engineer from June 1, 1960 to June 1, 1961, in the form of a flat five percent (5%) payment on the gross earnings received by him during the period.

2. The wage increase should be continued after June 1, 1961, in the form of rate factor increases, in a formula, to be mutually agreed to by the Parties, that will yield five percent (5%) increases over 1957 Agreement rate factors, for a Flight Engineer on each type of plane, at maximum longevity, and computed on an 80-hour basis. The resulting formula should be used for computing the increased pay yields for all other Flight Engineers and, to the extent applicable, to all Assistant Engineers.

3. The increased rate factors should be continued after June 1, 1961 until the Parties may mutually agree to increase them, following their resolution of the hours-reduction issue. Any such additional wage increase should be made retroactive to any agreed upon date, but not prior to June 1, 1961.

2. "One-in-Four"

In Section B–8 of this report, under the heading "Open Issues," the Board noted that it did not desire, under existing circumstances, to recommend adoption of the Association's proposal for an extension, in form (beyond the "one-in-four" point) of the principle of minimum flight time credit for particular groupings of "trip times" and, accordingly, it returned the extension aspect of the issue to the Parties for later negotiations. In doing so, however, it was noted that a

recommendation would be made concerning the continuation of the "one-in-four" principle of minimum flight time for "trip time."

The Board's reasoning in support of the "one-in-four" principle was recorded in Section B–8 of the report. The Board's intent here is simply to recommend the continuation, in the Provisional Agreement, of the "one-in-four" principle as recorded in the October 2, 1960, "Understanding."

Recommendation

The Board recommends that Article 11, (e)1 and (e)2 of the Provisional Agreement read as follows:

When an Engineer is required to report for duty for a trip from his base station and actually leaves the blocks to commence a flight, other than a training flight, he shall receive a minimum of one (1) hour credit for pay and flight time limitations purposes for every four (4) hour elapsed period, prorated, from the time he is required to report for duty or actually reports for duty at his base station, whichever is later, until one-half (½) hour after he returns to the blocks at his base station. Any difference between flying pay earned during the period away from his base station and that computed under this paragraph shall be computed as an extension of the final portion of the return trip to the Engineer's base station.

3. "Actual or Scheduled" for Pay Purposes

In Section B–9 of this report, under the heading "Open Issues," the Board indicated that it was convinced, on the basis of the record, that the Association's proposal that Article 11 be amended to provide that actual or scheduled time (whichever is greater) be used for *flight time limitation purposes*, should be returned to the Parties for their later negotiations. It was noted, however, that the record was sufficient to warrant a recommendation with respect to the Association's proposal that actual or scheduled time be used *for pay purposes.*

The record is quite convincing in support of this aspect of the Association's proposal. It is clear that it is now the dominant practice among the major airlines. The Board agrees with the Association that the PAA-EIA Agreement should include this arrangement.

Recommendation

The Board recommends that Article 11 be amended, in the Provisional Agreement, to provide that actual or scheduled time (whichever is greater) be used for pay purposes.

4. Furlough Pay

In Section B–1 of this report, under the heading "Open Issues," the Board concluded that it should return to the Parties, for later negotiations, the Association's proposal that a furlough pay arrangement be inserted in Article 8 that is in excess of that contained in the October 2, 1960, "Understanding." It was stated, however, that the Board would recommend that the existing furlough plan be continued for PAA Flight Engineers.

As noted in Section B–1 of this report, on May 24, 1961, the Presidential Commission made recommendations to the airlines, FEIA and ALPA that may well make furlough pay of real significance. The Parties have already reached an understanding in this regard, albeit a temporary one, which the Board concludes under the circumstances will be of advantage in the future. The Board is convinced this plan should be included as part of the Provisional Agreement.

Recommendation

The Board recommends that the parties add to Article 8 of the Provisional Agreement a provision to the effect that an Engineer who is given notice of furlough, and is furloughed during the term of the Agreement, shall receive: (a) Seventy-five (75) days' notice in advance of furlough; and, (b) Furlough pay in the amount of $1,600.

5. Article 2

PAA proposes, in Paragraph (c), to redefine "Aircraft Mechanic and Aircraft Engine Mechanic" as "Mechanic Airframe and Powerplant."

The evidence shows that the proposed title is consistent with current Civil Air Regulations.

Recommendation

The Board recommends adoption of the proposed change.

6. Article 3

FEIA proposes substitution of the phrase "check out" for "qualify" in Paragraph (f).

This provision is concerned with an Engineer who fails to fulfill specified qualifications on a particular type aircraft. The Association believes that there now exists some misunderstanding of this section's meaning since, in Article 2(f), "Qualified" is defined as "qualified as an Engineer or Assistant Engineer Officer," and "shall not refer to or mean qualified on a particular type aircraft."

While "check out" does not appear among those terms defined in Article 2, it is a commonly used, generally understood expression. It applies to the circumstances governed by 3(f).

Recommendation

The Board recommends that Article 3, Paragraph (f) be amended by adding the words "by checking out" after "qualify" in two places.

PAA proposes a new clause in Article 3 which would (1) change the rate of pay for an Engineer who is in training for qualification or requalification on lower pay aircraft, after having failed to qualify

on some higher type aircraft, and (2) restrict the subsequent bidding rights of men who are assigned to lower rated aircraft after failing to qualify on a higher rated aircraft.

At present, an Engineer receives the rate of his assigned aircraft when training or qualifying for a higher pay aircraft and, in the event he fails to fulfill the higher qualifications and requires retraining, he continues to receive his former rate. Under the Company's proposal he would receive only the minimum scale during this retraining period—the equivalent of an Assistant Flight Engineer's starting rate.

The Board is not convinced this proposed pay reduction is warranted. Retraining periods are not excessively long, nor is there evidence that large numbers of men require such retraining.

Recommendation

The Board recommends that the part of the proposed new clause in Article 3 that would result in a pay reduction be withdrawn.

On the other hand, there is considerable validity to the second suggestion that men who fail to qualify on higher pay aircraft should not have an unlimited right to rebid. Training periods are expensive and unproductive; there should be some real expectation that the successful bidder will be able to qualify on the higher pay aircraft.

Recommendation

The Board recommends that the Parties negotiate an addition to Article 3 which will permit the Company to reject the subsequent bid of an Engineer Officer who has been assigned to lower rated aircraft as a result of failing to qualify (by checking out) on higher pay aircraft, unless he has completed an assignment of at least two years on the lower pay aircraft. This new provision, however, should be designed so that an Engineer will not be deprived of his Article 13(c) rights in the event of a "phasing out" of the lower pay aircraft during the two year period.

FEIA also proposes a new clause in Article 3 which would, in effect, (1) define "minimal demonstration of proficiency," (2) limit Check Flight Engineers to men whose names appear on the active Flight Engineer seniority list, (3) specify a minimum period and type of pre-check ground instruction, and (4) require that instruction be given only by Engineers on the active or inactive seniority list or by Check Flight Engineers on the active seniority list.

Civil Air Regulations require that an Engineer must periodically (every twelve months under current rules) demonstrate his proficiency on the type of aircraft to which he is assigned. The CAB, moreover, approves the procedures established by the Company to

determine proficiency. We can find no justification in the record for restricting the Company's right to establish appropriate procedures or for confining the selection of instruction and check personnel to men on the active or inactive seniority list. Certainly, there is no evidence that safety factors require the adoption of these proposals.

Recommendation

The Board recommends that FEIA withdraw its proposal for a new clause in Article 3.

7. Article 6

FEIA seeks insertion of a new clause which would require the Company to mail a copy of the System Seniority List to each active and inactive Engineer and concurrently post the list on Engineer bulletin boards.

The Company resists this demand largely on the ground that, if adopted, the requirement might constitute a precedent on which other unions would base similar demands. FEIA is relatively small, Management notes, in comparison with other labor organizations on the property.

We believe that it would be advantageous for all FEIA members to have a copy of the seniority list. However, the demand that PAA mail a copy, each year, to each member, is excessive. There is another way to accomplish the same purpose, in our judgment, which will not prove expensive or cumbersome.

It should be noted here that our recommendation is based, in part at least, on the fact that the number of names to be printed on this list is relatively small. Were that list to contain a thousand or more names, our suggestion would probably not be made in this form.

Recommendation

The Board recommends that the Parties negotiate a new clause in Article 6 which will require the Company to include a current seniority list as an Appendix to the printed Agreement. The Parties should, by mutual agreement, specify the information to be included in the contractual listing.

The Association also requests that Paragraph (a) be amended to require that information on relative seniority numbers and current status be included in the annually posted bulletin. We see no reason why this could not be easily accomplished.

Recommendation

The Board recommends that this proposal be adopted.

8. Article 7

FEIA requests addition in Paragraph (c) of the words "or Sector" after "Division," so as to clarify the meaning of the Agreement in

view of the consolidation of two divisions into the present Overseas Division. PAA concurs.

Recommendation

The Board recommends adoption of this proposal.

FEIA also proposes to delete the last sentence from Paragraph (c): "Reemployment after a period of three (3) years from the date of release shall be subject to a three (3) month probationary period."

The Parties, to our knowledge, have had no experience with this clause. No Engineers have been furloughed for as long as three years. There is some question, however, whether a "probationary" period is really required in view of the Company's right to (1) demand that a returning employee fulfill all necessary qualifications, (2) discharge for just and sufficient cause.

The problem, seemingly, is created by the existence of non-terminating seniority rights which place no time restrictions on an Engineer's right to return. This exceptionally broad provision raises unique issues.

We do not believe that the Association's request, in its present form, should be recommended. We feel, however, that the Parties should negotiate an appropriate change in the clause in the light of the above facts and their mutual needs.

Recommendation

The Board recommends that the parties negotiate a change in the wording of Article 7, Paragraph (c), as above indicated.

9. Article 9

FEIA seeks a new Paragraph which would, in substance, require the Company to pay moving expenses of a furloughed Engineer who is reinstated to a base other than the one from which he was furloughed.

We can find no general industry practice to justify this demand nor, to our knowledge, does such procedure prevail for other crew members. However, PAA's Pilots do enjoy a right which, we believe, could fairly be extended to Engineers. This is the intent of our recommendation on this point.

Recommendation

The Board recommends that the Parties negotiate a new clause, for insertion in Article 9, which will provide, in effect, that: (1) when an Engineer returns from furlough, the Company may designate the base station nearest the last address filed by him as a base to which he will report at his own expense; (2) when any other base is designated, the Company will reimburse the Pilot for transportation expenses for himself and his dependents (but not for shipment of household goods); and

(3) the Company's liability for expenses shall be limited to travel within the continental United States.

FEIA also proposes insertion of a new Paragraph which would establish the principle of "normal" and "temporary" reassignments. At present, an Engineer must accept an offer of reassignment within fifteen days. Under the Association's proposal he would have twenty days to accept a proffered "normal" reassignment (defined as one which is estimated to last over six months), and ten days to accept a "temporary" reassignment (six months or less).

The Board is not convinced, on the evidence submitted, that the present requirements have resulted in serious hardships. The Association claims—and the Company denies—that its suggestion would lead to an ultimate improvement, in the quality of recalled men. In our view, this assertion has doubtful validity.

Recommendation

The Board recommends that the proposal, to differentiate between "normal" and "temporary" assignments in Article 9, be withdrawn.

PAA proposes the addition of a new paragraph, under which a recalled Engineer would receive the minimum Assistant Flight Engineer rate while engaged in requalification training. He now receives the applicable aircraft rate.

We find no justification for this reduction in rates.

Recommendation

The Board recommends that this proposal be withdrawn.

FEIA proposes, further, a change in Paragraph (a) which would require that "reinstatements to the status of Flight Engineer shall be made from furloughed Engineers in accordance with their relative position on the System Seniority List."

This proposal would have the effect of according recognition to system seniority, rather than division standing, in recalls. If the majority of the employees prefer this method, we do not believe Management should be reluctant to grant it.

Recommendation

The Board recommends adoption of this proposal.

10. Article 12

FEIA proposes to amend Paragraph (d) so that the Company will be required, on each occasion of transfer, to post a bulletin at all Engineer base and layover stations, with copies to the Association and local chairman. These bulletins are to be posted as far in advance of the anticipated vacancy as possible, and shall include information on (1) base of excess and base of shortage, if any, (2) number of

transfers, (3) general reason for transfers, (4) highest and lowest seniority number of Engineers assigned to each type aircraft at base of shortage or base to which Engineer will be transferred, and (5) a reasonable deadline date after which bids will not be accepted, but not less than fifteen days after posting. All bids, under the Association's proposal, must be submitted in confirmed writing. Copies of notification to successful bidders or men involuntarily transferred shall be furnished the Association and local chairmen.

The evidence indicates that these procedures are, to some considerable extent, already in effect. Since they represent an improvement and tightening of existing contractual requirements, we feel that they should be adopted.

Recommendation

The Board recommends adoption of this proposal.

FEIA also proposes substitution of the word "Sector" for "Division" in Paragraph (g). PAA concurs.

Recommendation

The Board recommends adoption of this proposal.

FEIA suggests, further, that Paragraph (i) be revised in several particulars, including (1) involuntary temporary assignments to be made beginning with the junior aircraft-qualified engineer at the base, (2) involuntary temporary assignments to not exceed thirty days except by mutual consent, (3) no more than one involuntary temporary assignment to be permitted within three years except under specified conditions, and others.

All the Association's proposals would limit Management's freedom to make temporary assignments. There is no persuasive evidence of abuses of discretion in this area, however, or of the existence of serious inequities. The drastic proposed changes do not seem justified.

Recommendation

The Board recommends that this proposal be withdrawn.

FEIA proposes amendments to Paragraph (j) which would revise "SPAC Memo 8" allowances for (1) automobile travel, (2) maximum established volume for storage of personal and household effects, and (3) maximum established volume for shipment of personal and household effects.

It is clear, from the record, that all Company employees are covered by "SPAC Memo 8." We see no warrant for singling out Engineers to receive greater allowances than anyone else.

Recommendation

The Board recommends that this proposal be withdrawn.

FEIA proposes insertion of a new Paragraph which would provide that "Any Engineer who is permanently transferred shall be relieved of all duty by the Company for not less than seven consecutive days prior to beginning such transfer and for not less than seven consecutive days immediately after reporting at the base station to which he is transferred. Should the Engineer waive any portion of the foregoing time allowance, the Company shall, at his request, and upon reasonable notice, arrange to relieve him of all duty for a period equal to the time waived."

This proposal would, in effect, conform the Engineers' Agreement to that of the Pilots—except for the number of days specified.

Recommendation

The Board recommends adoption of this proposal provided the number of days are made five and seven, respectively.

11. Article 13

FEIA proposes an amendment to Paragraph (a) under which vacancies would be proffered, not only to Engineers at the base station where the vacancy arises, but also to Engineers "whose assignment to that base is to be effective on or before the closing date of the proffer."

This proposal should be granted, we believe, since it is fair and equitable that men who are to become attached to a base shall partake in bidding for vacancies at that base.

Recommendation

The Board recommends adoption of this proposal.

Both sides have made proposals to change bidding procedures under Paragraphs (a) and (b). The Association would revise the current Agreement, which permits bidding only on higher or lower rated equipment, to include the right to bid equally rated aircraft. The Company, contrariwise, would diminish the potential area of bidding by adding a provision that "B–707 series and DC–8 series aircraft shall be considered as one type * * * and no proffers * * * will be made within such series * * * "

We can find no present need for a provision such as the Association proposes. There are no equally rated aircraft in service for which bids are currently barred. (DC–7, DC–7B, and DC–7C aircraft are considered as one type by mutual agreement, however.) While the Company believes its Engineers would benefit by accepting the proposal to consider jets as a single type, since the men would not be exposed to constant movement between equipment types, the Engineers themselves prefer to retain the present system. The record

reveals relatively few instances of bids between B–707 and DC–8 equipment (largely, we believe, because the pay differential is negligible.)

In the light of all the evidence, then, we are convinced that both FEIA and PAA proposals should be withdrawn.

Recommendation

The Board recommends that the proposals of PAA and FEIA, to make changes in bidding procedures under Paragraphs (a) and (b) of Article 13 be withdrawn.

The Company also proposes the elimination of Paragraph (b) which requires that "where two or more divisions have Engineer Officers assigned at the same base station, each division shall proffer assignments at that base station to Engineer Officers of the other division assigned at such base station on the same type aircraft." PAA believes its proposal would assist in reducing disruption of schedules, vacations and the like.

The problem, in this instance, insofar as it exists, occurs at New York where both LAD and OAD have divisions. At one time, however, there was but one division in New York. Consequently, adoption of the Company's proposal would result in reducing bidding rights which have existed for many years. The need for such change, in our judgment, has not been shown to be so great as to warrant approval of the suggestion.

Recommendation

The Board recommends that this proposal be withdrawn.

FEIA proposes that Paragraph (c) be amended to (1) grant displacement rights to an Engineer who is involuntarily transferred to a base station, and (2) expands displacement rights of Engineers to cover any lower rated aircraft rather than just the lowest rated aircraft at his base.

The Board is not convinced that any real hardship currently exists which requires immediate correction. Additional "bumping" means additional training, temporary loss of the Engineer's services, etc.

Recommendation

The Board recommends that this proposal be withdrawn.

FEIA proposes adoption of a new Paragraph which would require, in part, that (1) all proffers for aircraft assignments be posted at the base station where the vacancy occurs and all associated layover stations, (2) proffers be mailed to Engineers not presently assigned to the aircraft and active at the base, (3) the vacancy bulletin include information on type of aircraft, number of vacancies, closing date,

nature of the assignment (temporary or permanent), (4) proffers be made not less than fifteen days before the closing date, (5) System Seniority be used to determine the successful bidder, and if there are insufficient bids, vacancies be filled by assignment of the junior Engineer at the base, and (6) unless formal training for the assignment commences within thirty days after the closing date, the vacancy must be reproffered.

There is apparently little objection by the Company to utilizing this procedure, (some of which already is in existence), except for the final provision. There are practical reasons why training cannot always begin within thirty days, including unforeseen delivery delays, illness, and the like. Under the circumstances, we do not consider it proper for the Board to suggest a specific time period.

Recommendation

The Board recommends that the Parties, after studying the problem involved in this proposal, negotiate an appropriate period within which training shall begin.

FEIA proposes, further, adoption of a new clause which would deny Management the right to require an Engineer to maintain dual qualification (except for purposes of temporary assignments of not more than two months), on aircraft of two or more different manufacturers, on both piston, and turbine powered aircraft, or on both DC–7 and DC–8 series.

Some men are currently required to maintain qualifications on DC–7 and DC–6 aircraft. We are not convinced that this requirement has led to a safety or health problem. Many other companies have similar or more extensive requirements. The CAB does not consider the practice detrimental.

Recommendation

The Board recommends that this proposal be withdrawn.

12. Article 14

FEIA proposes an amendment to Paragraph (a) which would require Company representatives to meet with FEIA representatives at each base station to "establish or adjust the amount and method of payment" of expense allowances. In the absence of agreement, the Company would have to set the allowance "at the level of first class American style accommodations and/or restaurants."

Under the present clause, Management fixes the allowance which, the contract states, must be "sufficient to cover the reasonable cost of meals, lodging, tips, laundry, and transportation * * *"

The Association's proposed criteria of "first class American style," in our judgment, injects an ambiguous term which would be extremely

difficult to translate in terms of foreign accommodations and meals. The proposal to negotiate allowances at each base would lead to lengthy and often fruitless conferences. The Company, moreover, must determine proper expense allowances not only for Engineers but for other flight personnel as well.

There is no persuasive evidence that current allowances are too low. Additionally, it is clear that the present clause grants protection to Engineers against "unreasonable" allowances.

Recommendation

The Board recommends that this proposal be withdrawn.

FEIA also proposes a change in Paragraph (b) which would require the Company to arrange single room accommodations for Engineer Officers at layover stations. Under the present provision, single rooms are to be furnished to the extent they are practically available at reasonable cost "except when (the Engineer) may be quartered with another crew member whose arrival at and departure from the hotel or layover facility would not prevent such Engineer Officer obtaining adequate rest."

It is difficult to determine, from the record, how often Engineer Officers actually receive single room accommodations. Undoubtedly, they do so on many occasions. PAA's Atlantic Division Manual (effective May 28, 1958) states, in part, that each First Officer and each First Engineer should be provided a private room whenever practical (i.e., at reasonable expense). It is apparently Management's intention, however, to institute a new policy which would place the Engineer in a double room, provided he can obtain six hours uninterrupted rest following the first hour after check in, and an eight hour rest prior to check out of the hotel.

The Association, for reasons the Board cannot fully understand, considers this one of its prime requests. Engineer witnesses testified eloquently about the difficulties of adjusting to the activity and rest patterns of other men. However, there was little affirmative evidence of widespread physical exhaustion resulting in actual or potential health or safety hazards.

PAA estimates (without giving credit for present use of single rooms) that the Association's proposal would cost about $190,000 a year based on a $3 difference between double and single room rates. It is apparent, moreover, that the ultimate cost of granting the Association's proposal would be higher than just the difference between a single and a double room, since in some cases two single rooms might be required.

While the evidence on industry practice is not completely clear (there exist practices on some lines which do not appear in the col-

lective agreements) it appears that most United States carriers do not guarantee their Engineers single rooms. On the other hand, such comparisons do not necessarily tell the whole story. PAA has much more extensive overseas routes, and its men spend more time at distant layout stations.

On the basis of the facts at hand, we cannot recommend adoption of the FEIA's proposal. However, we believe there are sufficient equities to warrant more exploration of the subject.

Recommendation

The Board recommends that the Parties engage in further negotiation and study of this proposal. (We understand that Management is currently conducting a sudvey to determine the extent to which single rooms are now being utilized.) The Parties may also wish to consider the possibility of resolving the problem (assuming it to be of such paramount importance) by amending the present Paragraph to include a proviso, at the end of the second sentence, which would permit an Engineer Officer who is insistent on having a single room, even under the stated exception, to obtain one if he is willing to share with the Company (in proportions to be negotiated) the additional cost.

13. Article 15

FEIA proposes amending Paragraph (d)2 to require that all vacations (with certain exceptions) be taken annually if any Engineer is on furlough.

In the Board's opinion, this is an unrealistic suggestion which does not recognize the often unpredictable circumstances which give rise to the need for deferring vacations.

Recommendation

The Board recommends that this proposal be withdrawn.

The Association also proposes that, when deferrals become necessary, deferred vacations be awarded in order of System Seniority, on the type aircraft on which the vacations are being deferred.

This proposal is not inequitable; it accords recognition to seniority in the area of vacation deferrals, giving preference to senior men. If it is adopted, however, it is our belief that some provision must be made to modify notice requirements in Paragraph (e) since Management may have to run through several names before finding the proper man to defer.

Recommendation

The Board recommends adoption of this proposal with a modification as above noted.

FEIA suggests, further, that Paragraph (e) be changed to require 30 instead of 15 days advance notice of vacation cancellation.

We are not aware of any considerable number of hardship cases arising under the present provision, nor do we believe that Management can, in all cases, be aware of the need to cancel a vacation as much as a month in advance.

Recommendation

The Board recommends that this proposal be withdrawn.

FEIA proposes a new clause under which vacation time would be credited toward the minimum days "free of duty" limitations of Article 11(a) at the rate of one day free of duty for each 2½ days of vacation time. This would result in 12 days "free of duty" credit in a quarter within which the vacation falls. However, there have been prior adjudications of this problem—in other jurisdictions—which have determined that 16 days credit would be appropriate—not 12.

Recommendation

The Board recommends that a new clause be added under which 16 days "free of duty" will be credited in a quarter in which an Engineer's vacation occurs.

14. Article 19

Paragraph (a) states "It is understood that the Company has the right to discipline or discharge an employee at any time for incompetence, disobedience, dishonesty, or disorderly conduct, negligence, absenteeism or any just and sufficient cause."

The Association would change this to read: "It is understood that no Engineer shall be disciplined or discharged except for just and sufficient cause."

Actually, the Parties agree that (1) Management has the right to discipline or discharge for cause, and (2) "just" cause may include such things as incompetence, disobedience, etc. FEIA does not seek to lessen Management's rights by its suggested change.

Recommendation

The Board recommends that, with the understanding noted above, the new language proposed for Paragraph (a) of Article 19 be adopted.

15. Article 21

FEIA proposes to amend Paragraph (d) by withdrawing from the jurisdiction of a Board of Adjustment disputes arising out of Article 1, 2, and 5(d) of the Agreement. These Articles deal with recognition, definitions, and minimum Flight Crew requirements.

No justification for this proposal was offered by the Association nor do we find that any exists.

Recommendation

The Board recommends the withdrawal of this proposal.

FEIA also suggests an addition to Paragraph (m) which would require a five-man Board of Adjustment to "meet in the offices of the American Arbitration Association or such other place as is agreeable to a majority of the Board (excluding the referee)."

The problem here concerns the place of hearing. In our opinion, a more felicitous solution would be to provide that a majority of a five-man Board may determine, in each case, where the hearing shall be held.

Recommendation

The Board recommends that a Paragraph (m) addition be made to permit the majority of a five-man Board of Adjustment to determine the place of its hearing.

16. Article 23

Paragraphs (a) and (b), as presently written, permit the Company to establish its own physical and psychological standards (in addition to those set by CAB).

FEIA would revise these Paragraphs so that only CAB's Regulations could be used. While there is no evidence that Management has abused its rights under the present clause, the fact is that other occupants of the cockpit have had a provision in their contract, since 1957, similar to the one requested now by FEIA. Under the circumstances, we find it difficult to understand why all members of the flight crew should not be accorded the same treatment.

Recommendation

The Board recommends adoption of this proposal.

For a like reason, we feel that it is proper that the Parties adopt FEIA's proposal for a new clause which would require that an Engineer, held out of service for physical reasons, who subsequently demonstrates that he has continually met the physical standards of the CAB and/or waiver policy, should be reinstated without loss of seniority and compensated for his loss of earnings.

Recommendation

The Board recommends adoption of this proposal.

17. Article 28

Paragraph (d) now provides that the Company shall give an Engineer 30 days' notice of termination, or pay in lieu thereof, unless termination be "for cause."

The Company would add, following the word "cause": "or is the result of furloughs caused by cessation or interruption of the Com-

pany's operations because of an act of God or circumstances over which the Company had no control, such as work stoppage, or strikes."

A study of contracts between PAA and other unions reveals several clauses with this added provision or one like it. We believe the Company's request is fair and should be adopted.

Recommendation

The Board recommends adoption of this proposal.

FEIA proposes a new Paragraph which would require the Company to provide each Engineer with a printed copy of the Agreement and to mail copies to men on furlough.

The Pilots have had this provision since 1957.

Recommendation

The Board recommends adoption of this proposal.

18. Appendix B

This Appendix contains a "Letter of Understanding" concerning the assignment of Engineers to Lockheed 1049 aircraft leased from Eastern Airlines. Since these planes are no longer in use, nor is their use contemplated, we feel that FEIA's proposal, that this Appendix be eliminated from the Agreement, should be adopted.

Recommendation

The Board recommends that Appendix B be eliminated from the Agreement.

D. REMAINING ISSUES TO BE WITHDRAWN

In our discussion of specific Articles we have recommended that some requests be granted and others be withdrawn. As already noted, it is our belief that all requests of both FEIA and PAA should be withdrawn unless they are included in (1) the "Open" items or (2) the settled items.

There are several reasons for proposing withdrawal of these requests. Many FEIA demands, if granted in whole or in part, would have a significant cost impact. In our judgment, future 1961 bargaining over major cost issues should be concentrated in the areas we have listed as "Open." Other FEIA demands, we believe, are unjustified on their "merits." In several instances existing provisions exceed industry practice already. In other cases, the proposals are impractical or unrealistic.

On the other hand, some PAA requests, if granted, would result in decreased earnings for certain Engineers, for which we see no justification. Others would result in diminished promotional opportunities.

In sum, then, we recommend withdrawal of the following requests in addition to those already noted:

A. By FEIA

1. *Article 11.*—Proposal to (1) establish an Engineer Scheduling Committee at each base station, and (2) have the Schedule Policy mutually agreed upon (and, presumably, subject to the grievance procedure).

2. *Article 22.*—Proposal to establish a Sick Leave Plan under which an Engineer would accumulate paid sick leave credits of 2⅓ hours for each month of active employment beginning with the date of assignment to the Flight Engineer groups and continuing without limit for the duration of such assignment.

3. *Article 25.*—Proposal to require PAA to pay $100,000 to an Engineer or his beneficiary, in addition to Workmen's Compensation benefits, in the event he is killed or permanently disabled while on Company business as a result of (1) hostile or warlike action in time of peace or war, (2) insurrection, rebellion, revolution, civil war or usurped power, or (3) collision with or an accident caused by either military, naval, air force aircraft or missiles of any governmental or sovereign power.

4. Proposal for a fully Company-paid Group Life Insurance Plan for Flight Engineers, the benefits to be equivalent to the present PAA Employee Group Life Insurance Plan.

5. Proposal to modify the Cooperative Retirement Income Trust Plan by transforming it into a non-contributory plan.

B. By PAA

1. *Article 25.*—Proposal to limit Company's obligations for payments to interned, imprisoned, hostaged or missing Engineers to period of twelve months or until death is established whichever is shorter.

2. Proposal for establishment of a Reserve Engineer Officer category.

V. CONCLUSIONS AND SUMMARY OF RECOMMENDATIONS

The essence of collective bargaining is accommodation. Accommodation requires recognition of the mutual needs of the Parties. It requires give and take. Above all, it requires the ability to adjust and readjust to changing circumstances.

PAA and its Engineers are now facing unique and unprecedented problems. They cannot expect to solve them by reference to custom or old established procedures. Resourcefulness, ingenuity, expe-

rience—all these must be focused on the problem at hand in order to arrive at mutually satisfactory solutions. The Parties, recognizing they are in a transition period, must be guided by the realization that not all problems can be solved immediately or simultaneously.

This Board has endeavored to outline a procedure which will permit immediate needs to be satisfied without sacrificing or prejudicing long-term objectives. We would not argue that this is the only possible approach; there may be better ones. But we hope that our recommendations will provide a format which will enable the Parties—with their longer and deeper knowledge of the problems—to arrive at a mutually acceptable settlement. Such a result will preserve the labor peace that is so crucial to the future success of both the Company and its employees and will avoid possible consideration by the Government of some form of compulsory settlement.

SUMMARY OF RECOMMENDATIONS

Provisional Agreement of June 1, 1960

The Parties should negotiate a Provisional Agreement to replace the former Agreement which was effective for the period June 1, 1957–June 1, 1960. The duration of this Provisional Agreement should not be established now, but should be determined at an appropriate date, along with the "Open" issues listed below.

"Open" Issues

The Provisional Agreement should leave open for later disposition, these issues:

(1) Compensation, in excess of a five percent (5%) increase, effective June 1, 1961 (including possible retroactivity to that date of any additional increase which may be negotiated).

(2) Hours of Service, including Flight Time Limitations, Report Guarantee, Rest Time, Computation of Flight Time, "Actual or Scheduled" for purposes of Flight Time, and Reimbursement Procedure.

(3) Furlough pay in excess of that presently in effect.

(4) Automatic Promotion of Assistant Flight Engineers.

(5) Duration of Agreement.

Resolution of Issues

The Provisional Agreement should provide:

(1) *Wages.*—A wage increase of 5% should be instituted, computed and paid on the basis of (1) gross earnings for each Flight Engineer and Assistant Flight Engineer between June 1, 1960 and June 1, 1961, and (2) rate factor increases subsequent to June 1, 1961.

(2) "*One-in-Four.*"—Incorporated in Article 11 the clause negotiated by the Parties on October 2, 1960.

(3) "*Actual or Scheduled.*"—Incorporate in Article 11 a paragraph which would require that in computing the hours of service of an Engineer for flying pay purposes, the actual time from block to block or the scheduled time from block to block, for each leg, whichever is greater, shall be used on all scheduled or extra section flights.

(4) *Furlough Pay.*—Incorporate in Article 8 the clause negotiated by the Parties on October 2, 1960 (subject to later change).

(5) *Article 2.*—Amend Paragraph (c) to substitute "Mechanic Airframe and Powerplant" for "Aircraft Mechanic and Aircraft Engine Mechanic."

(6) *Article 3.*—Amend Paragraph (f) by adding the words "by checking out" after "qualify" in two places. Add a paragraph which would permit the Company to reject the subsequent bid of an Engineer Officer who has been assigned to lower rated aircraft as a result of failing to qualify (by checking out) on higher pay aircraft, unless he has completed an assignment of at least two years on the lower pay aircraft, provided, however, that the Engineer not be deprived of his Article 13(c) rights in the event of a reduction of quota.

(7) *Article 6.*—Add a paragraph which would require the Company to include a current seniority list as an Appendix to the printed Agreement. The Parties should, by mutual agreement, specify the information to be included in the contractual listing. Additionally, Paragraph (a) should be amended to require that information on relative seniority numbers and current status be included in the annually posted bulletins.

(8) *Article 7.*—Amend Paragraph (c) to add the word "Sector" or the word "Area" after "Division." Negotiate an appropriate change in the probationary period requirement.

(9) *Article 9.*—Amend Paragraph (a) to provide that reinstatements to the status of Engineer shall be made from furloughed Engineers in accordance with their relative position on the System Seniority List. Also, negotiate a clause regarding payment of transportation expenses to a recalled Engineer in accordance with the principles set forth in the preceding Discussion.

(10) *Article 12.*—Amend Paragraph (d) with respect to posting transfer bulletins and related procedures in conformity with the principles set forth in the preceding discussion.

Substitute the word "Sector" or the word "Area" for "Division" in Paragraph (g).

Add a new paragraph which will allow an Engineer, who is permanently transferred, to be relieved of all duty for not less than five consecutive days before beginning the transfer, and not less than seven consecutive days after reporting at his new base station.

(11) *Article 13.*—Amend Paragraph (a) to include, among Engineers who are proffered base station vacancies, those Engineer Officers whose assignment to that base is to be effective on or before the closing date of the proffer.

Add a new paragraph which will provide, in effect, that (1) the procedures set forth in the preceding discussion be adopted, and (2) negotiate, as a part of this new paragraph, a mutually acceptable provision covering the period (following an award) during which training should start.

(12) *Article 14.*—The Association's request covering single rooms is remanded to the Parties for further study. They may wish to consider the possibility of resolving the problem by amending Paragraph (b) to include a proviso, at the end of the second sentence, which would permit an Engineer Officer who is intent on obtaining a single room accommodation, even under the stated exception, to obtain it if he is willing to share with the Company (in proportions to be negotiated) the additional cost.

(13) *Article 15.*—Amend Paragraph (d) to provide in effect, that Seniority preference be recognized in deferring vacations, with recognition, however, that if this is done some modification of notice requirements in Paragraph (e) may be required.

Add a new paragraph which will provide that vacation time shall be credited toward minimum days "free of duty" limitations of Article 11(i) at the rate of sixteen days credit within a quarter for thirty days vacation.

(14) *Article 19.*—Revise Paragraph (a) to provide, in effect, that an Engineer shall be disciplined or discharged only for just and sufficient cause.

(15) *Article 21.*—Amend Paragraph (m) to provide in effect, that a majority of a five-man Adjustment Board may determine in each case, where a hearing shall be held.

(16) *Article 23.*—Revise Paragraphs (a) and (b) to provide that the physical standards which Engineers must meet are those established by the Civil Air Regulations (including any waiver policy).

Add a paragraph which will require, in effect that an Engineer, held out of service for physical reasons, who subsequently demonstrates that he has continually met the physical standards of the Civil Air Regulations and/or waiver policy, shall be reinstated without loss of seniority and compensated for his loss of earnings.

(17) *Article 28.*—Modify Paragraph (d) by adding, after the words "for cause," further exceptions to the 30-day termination notice or pay requirement, covering situations when the termination results from furloughs caused by cessation or interruption of opera-

tions because of an Act of God, or circumstances over which the Company has no control, such as work stoppages or strikes.

Add a new paragraph which would require the Company to provide each Engineer with a copy of the printed Agreement and to mail a copy to men on furlough.

(18) *Appendix B.*—Eliminate from the Agreement this letter of Understanding on leased Lockheed 1049 aircraft.

Withdrawal of Issues

All requests by FEIA and PAA not mentioned above should be withdrawn.

Future Negotiations, Mediation, or Arbitration

The "Open" issues should be held in abeyance until the President's Commission on the Airlines Controversy completes its task. Within 30 days thereafter, or at some other mutually satisfactory date, the Parties should resume negotiation on these issues. If the Parties are unable to reach a settlement, they may agree to seek the services of a mediator. They may, by mutual agreement, voluntarily request this Board to make recommendations on issues on which it has here made no definitive recommendations. Abritration may be invoked as a last resort as a peaceful means of resolving whatever issues remain.

EDWARD A. LYNCH, *Member.*
ARTHUR STARK, *Member.*
G. ALLAN DASH, Jr., *Chairman.*

WASHINGTON, D.C., *June 20, 1961.*

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