Report

TO

THE PRESIDENT

BY THE

EMERGENCY BOARD No. 169

APPOINTED BY EXECUTIVE ORDER NO. 11324 DATED JANUARY 28, 1967, PURSUANT TO SECTION 10 OF THE RAILWAY LABOR ACT, AS AMENDED

To investigate and report its findings to the President of unadjusted disputes between the carriers represented by the National Railway Labor Conference and the Eastern, Western and Southeastern Carriers' Conference Committees and certain of their employees, functioning through the Railway Employees' Department, AFL–CIO.

(National Mediation Board Case No. A–7949)

WASHINGTON, D.C.

MARCH 10, 1967

LETTER OF TRANSMITTAL

WASHINGTON, D.C., *March 10, 1967.*

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

DEAR MR. PRESIDENT: The Emergency Board which you created on January 28, 1967, by Executive Order 11324, pursuant to Section 10 of the Railway Labor Act, as amended, has the honor to submit its report and recommendations.

This Board was appointed to investigate disputes between the carriers represented by the National Railway Labor Conference and the Eastern, Western and Southeastern Carriers' Conference Committees and certain of their employees, functioning through the Railway Employees' Department, AFL–CIO, and represented by the following unions:

International Association of Machinists and Aerospace Workers;
International Brotherhood of Boiler Makers, Iron Ship Builders, Blacksmiths, Forgers and Helpers;
Sheet Metal Workers' International Association;
International Brotherhood of Electrical Workers;
Brotherhood of Railway Carmen of America;
International Brotherhood of Firemen and Oilers.

Hearings have been held, and the evidence and argument of the parties considered.

Our recommendations for an equitable settlement of this dispute are submitted herewith.

The Board acknowledges with deep appreciation the able assistance during the hearings and in its subsequent deliberations of Beatrice Burgoon, Lily Mary David and Lary Yud, staff members of the Department of Labor.

Respectfully,

(S) DAVID GINSBURG, *Chairman.*
(S) FRANK J. DUGAN, *Member.*
(S) JOHN. W. MCCONNELL, *Member.*

I. HISTORY OF THE EMERGENCY BOARD

Emergency Board No. 169 was created by Executive Order 11324, issued January 28, 1967, pursuant to Section 10 of the Railway Labor Act, as amended, to investigate and report its findings of unadjusted disputes between the railroad carriers represented by the National Railway Labor Conference (comprised of the Eastern, Western, and Southeastern Carriers' Conference Committees), and certain of their employees represented by six shopcraft unions operating through the Railway Employes' Department, AFL–CIO.[1]

The President appointed the following as members of the Board: David Ginsburg, an attorney from Washington, D.C., Chairman; Frank J. Dugan, Professor of Law, Georgetown University Law Center, Member; John W. McConnell, President of the University of New Hampshire, Member.

The Board convened in Washington, D.C., on February 1, 1967, to hear the opening statements of the parties and to discuss procedures. Public hearings were held for seven days between February 1 and February 9 at Washington, D.C. During the hearings the parties were given full and adequate opportunity to present evidence and argument before the Board. To assist the Board in identifying and clarifying issues, the parties willingly made themselves available to the Board for numerous informal discussions.

The record of the proceedings consists of 1,073 pages of testimony and 36 numbered exhibits. The Board has made clear that its report to the President would be based upon that record.

Subsequent to the creation of the Board, the parties by stipulation, approved by the President, agreed to extend the time within which the Board must report its findings to the President until March 13, 1967, and to extend the period of statutory restraint until April 12, 1967.

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[1] The text of the Executive Order is contained in Appendix A. The six labor organizations are the International Association of Machinists and Aerospace Workers; International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers; Sheet Metal Workers' International Association; International Brotherhood of Electrical Workers; Brotherhood of Railway Carmen of America; and International Brotherhood of Firemen, Oilers, Helpers, Round House and Railway Shop Laborers.

II. BACKGROUND OF THE DISPUTE

The carriers before the Board comprise almost the entire Class I railroad industry and account for well over 95 percent of the total railroad mileage in the United States.[2]

The six organizations represent approximately 137,000 shopworkers employed by the Class I railroads. These employees consist of journeymen mechanics, their helpers and apprentices, powerhouse employees and railway shop laborers. It is the primary responsibility of these employees to inspect, maintain, and repair all types of locomotives, freight and passenger cars, all work equipment such as cranes, hoists, work cars, wreck equipment, and the shop machinery and equipment. They also operate and maintain the stationary power plants and power stations where electricity is generated to furnish power and heat to the shops and buildings.

On May 17, 1966, the organizations served notices under Section 6 of the Railway Labor Act, as amended, requesting a general increase of 20 percent in all wage rates and differentials, the establishment of procedures for periodic cost of living adjustments, shift differentials, additional overtime pay, vacation and paid holiday improvements, jury duty pay and the establishment of a 30-minute paid lunch period on each shift.[3]

The request was that all changes be made effective January 1, 1967. On the first day of the hearings, the organizations officially withdrew their paid lunch period proposal.

Subsequently, in June 1966, various proposals were served by the individual carriers on the organizations. Among the changes requested were a revision of the vacation agreement, elimination of certain craft jurisdictional barriers, a revision of the rules governing the work of car inspectors, greater freedom to institute technological, operational and organizational changes, establishment of entrance rates, compulsory retirement age limits, revision of the 40-hour workweek rules, establishment of a rule to prohibit duplicate punitive holiday payments, elimination of the advance notice requirement for emergency force reductions and the establishment of a rule that would require adherence to the common law rule of damages for breach of collective bargaining contracts.[4] The carriers subsequently withdrew their car inspector proposal.

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[2] The carriers who are parties to this dispute consist of 138 line-haul railroads and terminal and switching companies. They function for national collective bargaining purposes through the National Railway Labor Conference and the three regional Carriers' Conference Committees.

[3] The organizations' proposals are contained in Appendix B.

[4] The carriers' proposals are contained in Appendix C.

Conferences were held between the individual carriers and the organizations; no agreements were reached; both the carriers and the organizations thereupon authorized national handling of the dispute.

Negotiations on a national level began on September 28, 1966, in Washington, D.C. Following a two-day meeting in Chicago beginning October 11, 1966, the parties agreed to seek the assistance of the National Mediation Board. The NMB docketed the case as A–7949. Mediation commenced October 19, 1966, and continued intermittently through January 6, 1967, when the NMB advised the parties that its mediation efforts had been unsuccessful and proffered arbitration. The carriers accepted the NMB's request; the organizations declined. On January 13, 1967, the National Mediation Board notified the parties that it was formally terminating its services.

On October 25, 1966, the organizations had polled their members and received strike authorization in the event a satisfactory settlement was not negotiated. A legal and peaceful withdrawal from service was set for February 13, 1967.

The NMB then notified the President that in its judgment this dispute threatened to substantially interrupt interstate commerce so as to deprive the country of essential transportation service. The President thereupon created this Emergency Board. Hearings began in Washington, D.C., on February 1, 1967.

III. PROCEDURES

The Board warmly commends the parties and counsel for their full cooperation in providing the facts of the case and the arguments of the parties in record time. The Board has given considerable attention in these proceedings to the matters of procedure, and has carefully reviewed the observations and suggestions of prior Emergency Boards. As a possible aid to future boards, we list the following procedural steps taken to expedite the hearing:

Improving the Hearing Procedures

(1) A prehearing conference was held during which the Chairman suggested several ways to reduce the time spent in hearing and to sharpen the issues and argument for the Board.

(2) Opening statements of the parties were relatively brief; main proposals and lines of argument were clearly outlined.

(3) Facts were presented through a limited number of carefully prepared exhibits.

(4) The parties were expressly requested not to read prepared exhibits but, where necessary, to summarize them.

(5) The volume of historical information was reduced and should be kept to a minimum.

(6) The examination of witnesses was confined to major issues and matters directly pertinent to the more important specific proposals and evidence.

(7) Throughout the hearing, the parties made themselves available to the Board for numerous informal discussions; this cooperation markedly assisted the Board in identifying and clarifying the issues and the positions of the parties.

(8) At the conclusion of the hearing, the Chairman asked the parties to prepare a summation and brief in the form of proposed findings and recommendations by the Board. In getting at the essence of each proposal and narrowing the areas of difference between the parties, this device proved invaluable.

(9) During the hearings and throughout the Board's deliberations, a representative of the Department of Labor was in constant attendance as liaison between the Board, the parties, and others, and among the members of the Board. This service was invaluable.

Furthering Negotiation by the Parties

As the case developed it became apparent that no real bargaining had actually taken place between the parties before their appearance before the Board. We believe this is generally the case in proceedings before Emergency Boards. In this regard, Boards appointed under the Railway Labor Act face a different situation from those appointed under the Taft-Hartley Act; under the latter, bargaining has taken place and the parties come to the public tribunal only with the hard core of their dispute. In transportation cases, experience shows that the parties begin to negotiate only after an Emergency Board has been appointed, and often only after a report has been submitted to the President. We believe that continuation of this practice will defeat other attempts to improve labor relations in the railroad industry. The Board, therefore, recommends for consideration by appropriate authorities the following proposals designed to expedite the settlement of disputes under the Railway Labor Act.

(1) There should be established a longer period of statutory restraint subsequent to the submission of an Emergency Board's report in order to give the parties additional time to negotiate a settlement. The Board notes that under the Taft-Hartley Act, the parties have a period of 80 days after the Board report is submitted to the President.

(2) The President should have the power to extend the initial period of statutory restraint for an additional 30 days if, in his judgment (a) the parties are making substantial progress toward a settlement, or (b) important developments are likely to occur within the additional 30-day period that would materially influence a settlement.

(3) Recognizing that agreement by the parties is preferable to recommended settlements, Emergency Boards should, whenever possible, refrain from specific substantive recommendations and instead suggest procedures which would lead the parties themselves to resolve the issues.

The Board further recommends that carriers and unions, in cooperation with the National Mediation Board and the Department of Labor, give greater attention to the methods for achieving speedier and more effective settlement of disputes submitted to Emergency Boards.

IV. THE ISSUES

The organizations originally raised nine issues; subsequent proposals from the carriers raised an additional ten issues.[5] None of these 19 issues was resolved by negotiation or mediation. Each party withdrew one proposal, thus leaving 17 outstanding issues on which material was supplied for the record.

During the hearings it became apparent that there were two aspects to the general wage issue, namely, the amount of any across-the-board increase and the establishment of greater differentials between the skilled and unskilled in the several crafts within the industry and, at the same time, the establishment of comparability between wages of the shop crafts and wages for similar work outside the railroad industry.

This Board has carefully considered each unresolved issue.

V. THE GENERAL WAGE INCREASE

The organizations seek a general wage increase of at least 6 percent for all employees for the year beginning January 1, 1967. The carriers, having settled on a 5 percent basis with nearly 65 percent of railroad employees, urge that the 5 percent pattern be retained.

Area of Agreement

On the general wage rate issue the broad area of agreement between the parties is heartening and impressive. The formal demand of the organizations for a 20 percent general increase was reduced to 7 percent during the hearings and further adjusted in the Brief for the Employees submitted to the Board. Both parties cited and relied on the 1967 Annual Report and earlier reports of the President's Council of Economic Advisers. Both parties agreed that wage increases should be geared not to productivity gains in particular industries but to the trend productivity of the national economy. Most

[5] See Appendices B and C.

important, both parties explicitly acknowledged their own and the public interest in arriving at noninflationary wage settlements.

Primary Importance of Wage Compression Issue

Although we deal first with the general wage question, we regard it as subordinate to the issue of wage compression. The Board believes that at the core of the differences between the organizations and the carriers is an industry practice, terminated in 1964, of negotiating flat cents per hour across-the-board wage adjustments for all employees. One consequence was that wage differentials between the more and the less skilled within the industry were unduly narrowed; another was that wage rates of the higher skilled shopcraft employees lagged behind the gains of employees of comparable skills in other industries. At this stage the Board merely concludes that an increase in general wage rates would be neither an effective nor an appropriate response to these two aspects of wage compression. Specific recommendations covering existing inequities and disparities are set forth in the following section of this report.

The 5 Percent Level

Whether a 5 percent general wage increase is economically justifiable is not in issue before the Board; the carriers have already made a 5 percent offer and it would be unrealistic for the Board to attempt to reexamine it.

On the general wage rate issue we recommend that the shopcraft employees accept a 5 percent increase for 1967 partly because most of the railroad employees have already settled on this basis but primarily because a general wage increase of more than 5 percent is not justified by the record before us. Although we do not question the right of the federated shopcrafts to seek a higher rate, we believe that a settlement above the 5 percent level would probably nurture employee dissatisfaction and catch-up demands, and hamper collective bargaining and the negotiation of future conrtacts.

Comparative Wage Rate and Earnings Data

The Board has carefully reviewed the more recent data made available to it comparing the earnings of railroad nonoperating employees with the earnings of production workers in manufacturing industries. These data show that in recent years the earnings of both groups have moved in the same direction and at about the same pace. We believe that for 1967 a 5 percent adjustment in wage rates will keep the earnings of the shopcraft employees well abreast of the general increases of workers outside the railroad industry.

If we examine the estimated annual rates of increase in hourly costs of wage and benefit changes negotiated in the key 1966 collective

bargaining settlements, we find that 58 percent will receive increases at an annual rate of less than 5 percent.

If we consider wage rates only—the issue before us—we find that the median annual rate of increases to go into effect during the life of major collective bargaining agreements negotiated during 1966 is 3.7 percent. Recently published data (Department of Labor release, February 3, 1967, "Major Collective Bargaining Agreements Negotiated During 1966") make clear *that about 85 percent of the 2.75 million workers covered by these settlements will receive annual increases of less than 5 percent.*

Even in the last quarter of 1966 important agreements were reached that provided annual wage adjustments considerably below the 5 percent level. The three-year contracts negotiated in the electrical equipment industry provide 4 percent first-year wage increases.

For 1966 the most common deferred increases were 3, but less than 3½ percent or 10 but less than 11 cents (for approximately 700,000 workers in the automobile, farm and construction equipment industries).

For 1967 the Bureau of Labor Statistics reports that deferred increases will most commonly average 2 to 2½ percent or 7 to 9 cents per hour. Increases of 2 percent but less than 2½ percent will be effective in 1967,

- for approximately 150,000 aerospace workers;
- for 450,000 workers in basic steel, where increases will range from 6 to 12 cents and average about 7.4 cents.
- For 50,000 aluminum workers, whose increases will range from 8½ to 9 cents; and
- for 50,000 Atlantic and Gulf Coast longshore employees who will receive increases of about 2.2 percent (8 cents an hour).

Increases of about 3 percent will go to approximately 200,000 union employees of General Electric Co. and Westinghouse Electric Corp. and to 50,000 shipbuilding workers whose increases will be from 7 through 10 cents.

For the shopcraft employees of the railroads, however, the 5 percent proposed adjustment will average 15 cents per hour.

Although some increases in agreements entered into or effective in 1967 will exceed 5 percent, particularly for employees in the air line and construction industries, the data in the record make clear that the annual rate of increase in 1967 for all industries and for manufacturing industries will be less than 5 percent.

Real Earnings, Duration and the Cost of Living Clause

During the three-year period from December 1963 through December 1966 the average straight-time hourly earnings of the shopcraft

employees increased from $2.62 per hour to $2.90 per hour with an average annual increase of 3.4 percent. During that period the average straight-time hourly earnings of production workers in durable goods industries increased from $2.59 to $2.81 an hour with an average annual increase of 2.8 percent.

During the same December to December three-year period the Consumer Price Index increased at an average annual rate of 2.1 percent (1.1 percent in 1963–64; 2.0 percent in 1964–65; 3.3 percent in 1965–66).

To us this record means that the real earnings of the shopcraft employees have increased during this period at a rate greater than that for workers generally in the economy. Even if the Consumer Price Idex goes up as much as another 2.5 percent during 1967, the shopcraft employees—given a 5 percent general wage increase—will nevertheless still achieve substantial gains in real earnings.

It is unnecessary to deal further with the problem of real wages since the Board limits its recommendation to a two-year contract with a reopener for general wages at the end of the first year. The organizations would prefer a longer term; the carriers would prefer to continue the one-year 1967 pattern, stressing the existence of economic uncertainties.

We refrain from recommending a fixed agreement of longer duration not because of uncertainties in the current economic indicators, but because it may be wise to reexamine the issue of general wage rates as steps are being taken to remedy the larger problem of wage compression.

The general wage increases would be effective as of January 1, 1967.

Since the organizations and the carriers will be free to reassess their respective interests as and when the actual results for 1967 become available, we need not now consider the troublesome request for an arrangement which would automatically tie wage rates to changes in the Consumer Price Index.

VI. THE WAGE COMPRESSION OF SKILLED SHOPCRAFT EMPLOYEES

For thirty years the unions have insisted on uniform cents-per-hour wage increases for all shopcraft employees. The result has been to compress severely the wage differentials between skilled and unskilled shopcraft employees and to widen the wage disparity between skilled workers in railroad shops and skilled workers in other indus-

tries. Both parties agree that there is a serious wage compression and that it cannot be corrected in a single step.[6]

Prior Emergency Boards have already recognized that the wage scale is compressed.[7] They have concluded that the only fundamental way to deal with interclass and intercraft inequities and with wage rate compression is through a comprehensive job evaluation study. Indeed, it has been almost a half century since a systematic evaluation and classification was made of the various skilled crafts in the railroad industry. Attempts to adjust the wage structure in a piecemeal fashion merely tend to make more of a patchwork of pay relationships. As the unions acknowledge, "the precise extent of the gap is admittedly in dispute because of the differences between the parties over skill comparisons and cannot be determined with confidence by this or any other Emergency Board." [8] An equitable adjustment beyond the pattern settlement would not violate existing Administration policy against inflationary wage increases because the type of adjustment here sought is compatible with the principles of wage equity stated by the Council of Economic Advisers.[9]

An inequity thus exists, but no data are available to this Board which would permit it to establish precisely the proper wage differentials between the skilled and the unskilled in the railroad shops, and proper wage relationships between journeymen shopcraft employees and similarly skilled workers in outside industry. We recommend a comprehensive job evaluation study along the following lines:

1. *Escrow Fund*

We recommend that the parties forthwith begin negotiations to determine the amount of money to be placed in escrow by the carriers as a "down payment" to correct existing wage inequities between the skilled and unskilled shopcraft employees. These negotiations should be concluded within 60 days from the date of this report or within such other period as the parties may mutually agree. If the parties are unable to agree on the amount to be placed in escrow the Secretary of Labor should be authorized to designate a Board for final and binding arbitration or establish an alternate procedure to set the amount.

2. *Procedures To Establish a Job Evaluation Study*

To expedite the job evaluation study the Board recommends that the parties promptly consult with the Secretary of Labor and arrive

[6] "We admit that full correction of what thirty years created cannot be accomplished at one time and that completion would necessarily have to be phased out over a reasonable period of years." See Brief for Employees, p. 16.

[7] Emergency Board 145, pp. 6–8; Emergency Board 159, pp. 10–11, 13–15.

[8] See Brief for Employees, p. 35.

[9] See Brief for Employees, p. 16.

at an agreement on procedures within 60 days from the date of this report. If the parties fail to agree on procedures the Secretary of Labor should be authorized to designate a Board to determine them through final and binding arbitration.

The scope of the study should be broad and have as its purpose rationalization of the wage structure within the railroad shops including a study of intercraft and interclass wage inequities as well as a meaningful comparison with similar jobs in outside industry. The study should be completed within 120 days from the date the study begins, or such longer period as the parties may mutually agree.

If the job evaluation study fails to establish acceptable wage differentials, the parties should agree to final and binding arbitration through a Board appointed by the Secretary of Labor, and the terms of the job evaluation agreement should so provide.

3. *Adoption of the Incumbent Rule*

Industries which have revised their wage structures have customarily adopted a "red circle" or "incumbent" rule under which no employee suffers loss as a result of the job evaluation study. We recommend that the parties adopt this rule.

4. *Crossing Craftlines*

The Board believes that job evaluation should not at this time include study of crossing craft lines. The Board has not sought to determine the merits of this proposal by the carrier; it merely indicates its opinion that a study of this sort is presently not feasible.

5. *Retroactivity*

To deal equitably with employees who will receive higher wages as a result of the job evaluation study the distribution from the "escrow" fund, as a first step to correct wage inequities, should be made retroactive to July 1, 1967.

6. *Cost*

The cost of the job evaluation study should be borne by the parties.

7. *Speed*

The Board believes that speed is essential in this process of rationalizing the wage structure of shopcraft employees, and it strongly urges all parties, in the public interest, to proceed as expeditiously as possible.

VII. OTHER ISSUES

Numerous other proposals of a fringe benefit nature were presented by the parties.[10]

[10] See Appendices B and C.

Negotiations between the carriers and the nonoperating unions (other than those before this Board) had resulted in a modification of the period of service required for 3 weeks vacation, and the withdrawal of all other issues by both carriers and unions. Since this agreement by the parties established a pattern for the nonoperating employees of the industry, the Board recommends that the present rule be modified to grant three weeks vacation after 10 years of service, rather than after 15 years of service. The Board recommends that all other proposals by both parties be withdrawn. This recommendation does not constitute a judgment on the merits of these proposals, but in the absence of a clear showing of an existing inequity, the Board adheres to the pattern arrived at by the carriers and other nonoperating unions.

VIII. DURATION

The duration of the agreement has already been considered by the Board in its recommendations on the general wage issue.

To summarize, the Board recommends that the agreement should be on two-year duration running from January 1, 1967, to December 31, 1968, with the understanding that the general wage issue may be reopened on December 31, 1967.

IX. CONCLUSION

It is the Board's considered judgment that the findings and recommendations set forth in this report provide a fair and equitable basis upon which the parties should be able to reach agreement in the settlement of this dispute.

Respectfully submitted,

(S) David Ginsberg,
DAVID GINSBERG, *Chairman.*

(S) Frank J. Dugan,
FRANK J. DUGAN, *Member.*

(S) John W. McConnell,
JOHN W. MCCONNELL, *Member.*

APPENDIX A

EXECUTIVE ORDER NO. 11324

CREATING AN EMERGENCY BOARD TO INVESTIGATE DISPUTES BETWEEN THE CARRIERS REPRESENTED BY THE NATIONAL RAILWAY LABOR CONFERENCE AND CERTAIN OF THEIR EMPLOYEES

WHEREAS disputes exist between the carriers represented by the National Railway Labor Conference, designated in List A attached hereto and made a part hereof, and certain of their employees represented by the International Association of Machinists and Aerospace Workers; International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers; Sheet Metal Workers' International Association; International Brotherhood of Electrical Workers; Brotherhood of Railway Carmen of America; International Brotherhood of Firemen and Oilers functioning through the Railway Employes' Department, AFL–CIO, labor organizations; and

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

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

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

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

As provided by section 10 of the Railway Labor Act, as amended, from this date and for thirty days after the board has made its report to the President, no change, except by agreement, shall be made by the carriers represented by the National Railway Labor Conference, or by their employees, in the conditions out of which the disputes arose.

Signed LYNDON B. JOHNSON.

THE WHITE HOUSE,
January 28, 1967.

APPENDIX B

ORGANIZATIONS' PROPOSALS

ARTICLE I—WAGES

A. ADJUSTMENT OF STRAIGHT TIME WAGE RATES AND DIFFERENTIALS

1. *Initial Wage Increase.* Increase all existing straight time rates of pay and differentials for employees covered by the agreement by an amount equal to twenty percent (20%) effective January 1, 1967, applied so as to give effect to this increase in pay irrespective of the method of payment.

2. *Cost-of-Living Adjustment.* Wage rates established in accordance with paragraph 1 of this Part A shall be subject to a cost-of-living adjustment, effective April 1, 1967, July 1, 1967, October 1, 1967, January 1, 1968, and each quarter thereafter. Such cost-of-living adjustment shall be in the amount of one cent (1¢) per hour for each three-tenths (.3) of a point change in the Bureau of Labor Statistics Consumer Price Index for the months of March, June, September and December respectively, above the base index figure for December 1966 (1957–59=100), except that it shall not operate to reduce wage rates below those established under paragraph 1 of this Part A.

B. INCREASE IN OVERTIME RATES

Effective January 1, 1967, all overtime rules in existing agreements, including but not limited to those requiring payment for time in excess of eight hours in a calendar day or in any other twenty-four hour period, or in excess of forty hours or on more than five days in a work week, or on rest days, holidays or vacation days, or for calls and change of shifts, shall be revised to provide for payment at twice the straight-time rate, except that where rules now in effect require payment at twice the straight-time rate, the rate shall be increased to three times the stright-time rate.

C. SHIFT DIFFERENTIALS

In addition to all other wage payments required effective January 1, 1967, all employees shall be paid shift differentials of eighteen cents (18¢) per hour for work on any shift beginning at or after 12:00 noon and before 5:00 p.m., and twenty-five cents (25¢) per hour for work on any shift beginning at or after 5:00 p.m. and before 6:00 a.m.

ARTICLE II—VACATIONS

SECTION 1. Article 1 of the Vacation Agreement of December 17, 1941, as amended by the Agreement of August 21, 1954, the Agreement of August 19, 1960, and the Agreements of November 20 and 21, 1964, and February 4, 1965, is hereby further amended to read as follows:

(a) Effective with the calendar year 1967, an annual vacation of ten (10) consecutive work days with pay will be granted to each employee covered by this Agreement who renders compensated service on not less than one hundred twenty (120) days during the preceding calendar year.

(b) Effective with the calendar year 1967, an annual vacation of fifteen (15) consecutive work days with pay will be granted to each employee covered by this Agreement who renders compensated service on not less than one hundred ten (110) days during the preceding calendar year and who has five (5) or more years of continuous service, not necessarily consecutive.

(c) Effective with the calendar year 1967, an annual vacation of twenty (20) consecutive work days with pay will be granted to each employee covered by this Agreement who renders compensated service on not less than one hundred (100) days during the preceding calendar year and who has ten (10) or more years of continuous service, not necessarily consecutive.

(d) Effective with the calendar year 1967, an annual vacation of twenty-five (25) consecutive work days with pay will be granted to each employee covered by this Agreement who renders compensated service on not less than one hundred (100) days during the preceding calendar year and who has fifteen (15) or more years of continuous service, not necessarily consecutive.

(For the purpose of computing the length of vacation due under paragraphs (a), (b), (c) and (d) of this Section, it is understood that any calendar year in which an employee qualifies for a vacation in the succeeding year, shall be counted as a year of service.)

(e) Paragraphs (a), (b), (c) and (d) hereof shall be construed to grant to weekly and monthly rated employees, whose rates contemplate more than five (5) days of service each week, vacations of two, three, four or five work weeks.

(f) Service rendered under agreements between a carrier and one or more of the Non-operating Organizations parties to the General Agreement of August 21, 1954, the General Agreement of August 19, 1960, or to the General Agreements of November 20 and 21, 1964 and February 4, 1965, or to this Agreement shall be counted in computing days of compensated service and years of continuous service for vacation qualifying purposes under this Agreement.

(g) Calendar days in each current qualifying year on which an employe renders no service because of his sickness, injury or disability shall be included in computing days of compensated service and years of continuous service for vacation qualifying purposes on the basis of a maximum of ten (10) such days for an employe with less than three (3) years of service; a maximum of twenty (20) such days for an employee with three (3) but less than fifteen (15) years of service; and a maximum of thirty (30) such days for an employee with fifteen (15) or more years of service with the employing carrier.

(h) In instances where employees have performed service in five (5) months with the employing carrier, or have performed, in a calendar year, service sufficient to qualify them for a vacation in the following calendar year, and subsequently become members of the Armed Forces of the United States, the time spent by such employes in the Armed Forces will be credited as qualifying service in determining the length of vacations for which they may qualify upon their return to the service of the employing carrier.

(i) An employe who leaves carrier's service and has no seniority date and no rights to accumulate seniority, who renders compensated service on not less than one hundred twenty (120) days in a calendar year and who returns to service in the following year for the same carrier will be granted the vacation in the year of his return. In the event such an employe does not return to service in the following year for the same carrier he will be compensated in lieu of the vacation he has qualified for provided he files written request

therefor to his employing officer, a copy of such request to be furnished to his local or general chairman.

SECTION 2. Section 3 of Article 1 of the Agreement of August 21, 1954, is hereby further amended effective January 1, 1967, to read as follows:

When any of the recognized holidays, as defined in Article III of this notice, occurs during an employe's vacation period, the following shall apply:

(a) If the holiday falls on a work day of the employe's job assignment in the case of an employe having a job assignment, or on a work day of the position on which the employee last worked before the holiday in the case of an employee not having a job assignment, then:

(1) If such employe is not assigned in any manner to work on the holiday shall not be considered as a vacation day of the period for which the employe is entitled to vacation, such vacation period shall be extended accordingly, and the employee shall be entitled to his holiday pay for such day.

(2) If such employe is assigned in any manner to work on the holiday, the holiday shall be considered as a vacation day of the period for which the employe is entitled to vacation and the employe shall be entitled to a straight time day's pay plus pay at the applicable overtime rate for the job assignment to work on such holiday.

(b) If the holiday falls on a rest day of the employe's job assignment in the case of an employe having a job assignment, or on a rest day of the position on which the employe last worked before the holiday in the case of an employe not having a job assignment, the holiday shall not be considered as a vacation day of the period for which the employe is entitled to vacation and the employe shall be entitled to his holiday pay for such day.

SECTION 3. Article 15 of the Vacation Agreement of December 17, 1941, as amended by the Agreements of November 20 and 21, 1964, and February 4, 1965, is hereby amended to read as follows:

Except as otherwise provided herein, this Agreement shall be effective as of January 1, 1967, and shall be incorporated in existing agreements as a supplement thereto, and shall be in full force and effect thereafter, subject to change upon written notice by any carrier or organization party hereto, of desire to change this Agreement, in accordance with the provisions of the Railway Labor Act, Amended.

ARTICLE III—HOLIDAYS

Article II of the Agreement of August 21, 1954, as amended by the Agreement of August 19, 1960, and the Agreements of November 20 and 21, 1964, and February 4, 1965, is hereby amended to read as follows:

SECTION 1. (a) Effective January 1, 1967, each hourly, daily or weekly rated employe shall be guaranteed 8 hours' pay at the pro rata hourly rate of the position on which he last worked before the holiday in addition to any other payments required for each of the following nine enumerated holidays:

New Year's Day
Washington's Birthday
Good Friday
Decoration Day
Fourth of July
Labor Day
Thanksgiving Day
Christmas
Employe's Birthday

(b) This Article does not disturb agreements now in effect under which another holiday has been substituted for one of the above-enumerated holi-

days. This Article shall be applicable to any day which by agreement or practice has been designated as a holiday in addition to those enumerated above; it shall be applicable to any day which by agreement or practice is observed by the employe instead of the day on which the holiday occurs (holidays enumerated above or holidays in addition thereto designated by agreement or practice or holidays substituted for one of the holidays enumerated above.)

SECTION 2. Monthly rates shall be adjusted by adding the equivalent of 8 pro rata hours to the annual compensation (the monthly rate multiplied by 12) and this sum shall be divided by 12 in order to establish a new monthly rate. The sum of presently existing hours per annum plus 8 divided by 12 will establish a new hourly factor for wage adjustments; overtime rates will be computed on the basis of such hours minus the number of holiday pay hours included in such computation. Each monthly rated employee shall receive a day off without reduction in his monthly compensation on the above enumerated holidays (or on the next succeeding work day if the holiday falls on a rest day of his work week) or, if required to work on such day, shall be compensated therefor at the applicable overtime rate of compensation for a minimum of eight hours in addition to his monthly compensation.

SECTION 3. Each hourly, daily and weekly rated employe shall qualify for the holiday pay provided in Section 1 hereof if compensation paid by the carrier is credited to him at any time during the sixty calendar days preceding the holiday or holidays, unless the employee was assigned to work on the work day of his work week immediately preceding or following the holiday and he fails to report for work on such day without good cause. Good cause shall include sickness, injury, disability, vacation, leave of absence, and any other reasonable cause for failure to report for work.

SECTION 4. Nothing in this Article shall be construed to reduce the number of holidays in any case where by agreement or practice holiday have been designated in addition to those enumerated in Section 1 hereof.

SECTION 5. Whenever any hourly, daily or weekly rated employe is required to work on a holiday to which Section 1 of this Article applies, he shall be compensated at the applicable overtime rate for the position worked for a minimum of eight (8) hours, in addition to the compensation provided for in Section 1.

SECTION 6. An employe working at a location away from his residence may, by giving reasonable notice to his supervisor, have the day immediately preceding the first day during which he is not scheduled to work following his birthday considered as his birthday for the purposes of this Article. An employe whose birthday falls on February 29, may, on other than leap years, by giving reasonable notice to his supervisor, have February 28 or the day immediately preceding the first day during which he is not scheduled to work following February 28 considered as his birthday for the purposes of this Article. If an employe's birthday falls on one of the other holidays named in Section 1 of this Article, he may, by giving reasonable notice to his supervisor, have the following day or the day immediately preceding the first day during which he is not scheduled to work such holiday considered as his birthday for the purposes of this Article.

ARTICLE IV—PAY FOR JURY DUTY LEAVE

Effective January 1, 1967, revise and supplement existing agreements to provide that an employe who is called for jury duty and reports shall do so without loss of compensation or any other benefits provided under the existing agree-

ments for each day he reports for jury duty as though he had rendered compensated service for the company.

ARTICLE V—PAID LUNCH PERIOD

Effective January 1, 1967, revise and supplement existing agreements to provide a paid thirty-minute lunch period for all employes regardless of where employed within an eight hour tour of duty.

ARTICLE VI—SAVINGS CLAUSE

The organizations reserve the option to preserve existing rules or practices on any individual carrier or carriers which they consider more favorable than any rule resulting from negotiations on the foregoing proposals.

APPENDIX C

CARRIERS' PROPOSALS

Classification of Work

All agreements, rules, regulations, interpretations and practices, however established, governing the classification of work of mechanics, helpers and apprentices of employees represented by the following organizations:

International Association of Machinists and Aerospace Workers
International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers
Sheet Metal Workers' International Association
International Brotherhood of Electrical Workers

shall be merged into three classification of work rules. The first rule shall govern the work of all mechanics, the second the work of all helpers and the third the work of all apprentices. Thereafter, any work covered by such a consolidated rule may be assigned to and performed by any employee of the class to which the rule is applicable, irrespective of craft.

The number of mechanics, helpers and apprentices in the craft of machinist, sheet metal worker, blacksmith, boilermaker and electrician to be employed shall be determined by the carrier.

Car Inspectors

All agreements, rules, regulations, interpretations and practices, however established, which restrict the character of service of car inspectors are hereby eliminated. Car Inspectors may hereafter be required to perform any work which may be assigned to them provided such work is included in the classification of work rules applicable to carmen.

All agreements, rules, regulations, interpretations and practices, however established, which conflict with the above shall be eliminated, except that any existing rules, regulations, interpretations or practices considered by the carrier to be more favorable may be retained.

Modernization of Agreements to Meet Changing Conditions

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

(1) Transfer work from one facility or location to another facility or location;

(2) Partially or entirely abandon any operation or to consolidate facilities or services heretofore operated independently;

(3) Merge or coordinate in whole or in part two or more carriers;

(4) Contract out work;

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

(6) Voluntarily or involuntarily discontinue contracts whereunder a carrier perfroms service for another carrier or for any other party;

(7) Effect technological changes;

(8) Install labor saving equipment and machinery;

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

(10) Make effective any other changes in work assignments or operation;

(11) Consolidate, merge or eliminate one or more seniority rosters or districts required to accomplish or fully realize the benefits of the introduction of a technological, operational or organizational change such as those set forth in items (1) through (10) above.

(b) Eliminate all agreements, rules, regulations, interpretations and practices, however established, which provide for any payments to employees adversely affected as a result of the technological, operational or organizational changes set forth in paragraph (a) hereof.

All agreements, rules, regulations, interpretations and practices, however established, which conflict with the above shall be eliminated, except that any existing rules, regulations, interpretations or practices considered by the carrier to be more favorable may be retained.

Entering Rates

Establish a rule, or amend existing rules, to provide that entering rates of pay for all basic hourly rated employees, except journeymen mechanics represented by the organizations signatory to this agreement, shall be 80% of the established rates, with increases of four percent (4%) of the established rate effective on completion of the first and each succeeding year of compensated service until the established rate is reached.

All agreements, rules, regulations, interpretations and practices, however established, which conflict with the above shall be eliminated, except that any existing rules, regulations, interpretations or practices considered by the carrier to be more favorable may be retained.

Compulsory Retirement

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

	Years of age
July 1, 1967	69
January 1, 1968	68
July 1, 1968	67
January 1, 1969	66
July 1, 1969	65

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

All agreements, rules, regulations, interpretations and practices, however established, which conflict with the above shall be eliminated, except that any existing rules, regulations, interpretations or practices considered by the carrier to be more favorable may be retained.

FORTY-HOUR WORK WEEK RULES

A. Eliminate all agreements, rules, regulations, interpretations and practices, however established, applicable to the forty-hour work week for regularly assigned employees which are in conflict with the rule set forth in Paragraph B.

B. Establish a rule to provide that:

1. The normal work week of regularly assigned employees shall be forty hours consisting of five days of eight hours each, with any two consecutive on nonconsecutive days off in each seven. Such work weeks may be staggered in accordance with the carrier's operational requirements.

2. Regular relief assignments may include different starting times, duties and work locations.

3. Nothing in this rule shall constitute a guarantee of any number of hours or days of work or pay.

4. Work performed by a regularly assigned employee on either or both of his assigned rest days shall be paid for at the straight time rates, unless the work performed on either of the assigned rest days would require him to work more than 40 straight time hours in the work week, in which event the work performed on either of his rest days in excess of 40 straight time hours in the work week shall be paid for at the rate of time and one-half.

5. Any overtime worked by the employee will be computed into straight time hours and be used for purposes of determining when he has completed his forty-hour work week but not for the purpose of determining when the time and one-half rate is applicable.

All agreements, rules, regulations, interpretations and practices, however established, which conflict with the above shall be eliminated, except that any existing rules, regulations, interpretations or practices considered by the carrier to be more favorable may be retained.

PROHIBITION AGAINST MULTIPLE TIME AND ONE-HALF PAYMENTS ON HOLIDAYS

Under no circumstances will an employee be allowed more than one time and one-half payment for service performed by him on any day which is a holiday.

All agreements, rules, regulations, interpretations and practices, however established, which conflict with the above shall be eliminated, except that any existing rules, regulations, interpretations or practices considered by the carrier to be more favorable may be retained.

EMERGENCY FORCE REDUCTIONS

Establish a rule or amend existing rules to provide that in the event of a strike or emergency affecting the operations or business of the carrier, no advance notice shall be necessary to abolish positions or make force reductions.

All agreements, rules, regulations, interpretations and practices, however established, which conflict with the above shall be eliminated, except that any existing rules, regulations, interpretations or practices considered by the carrier to be more favorable may be retained.

MONETARY CLAIMS

Establish a rule to provide that no monetary claim based on the failure of the carrier to use an employee to perform work shall be valid unless the claimant was the employee contractually entitled to perform the work and was available and qualified to do so, and no monetary award based on such a claim shall exceed the equivalent of the time actually required to perform the claimed

work on a minute basis at the straight time rate, less amounts earned in any capacity in other railroad employment or outside employment, and less any amounts received as unemployment compensation.

Existing rules, regulations, interpretations or practices, however established, which provide for penalty payments for failure to use an employee contractually entitled to perform work shall be modified to conform with the foregoing, and where there is no rule, agreement, interpretation or practice providing for penalty pay, none shall be established by this rule.

All agreements, rules, regulations, interpretations and practices, however established, with conflict with the above shall be eliminated, except that any existing rules, regulations, interpretations or practices considered by the carrier to be more favorable may be retained.

CARRIERS' VACATION PROPOSAL

1. Effective January 1, 1967, Article 6 of the December 17, 1941 Vacation Agreement, shall be amended to read as follows:

> "6. The Carrier may at its discretion blank the position of a vacationing employee or provide a vacation relief worker. If the Carrier decides to blank the position of a vacationing employee, those employees remaining on the job will perform the duties of the vacationing employee without additional expense to the Carrier and such arrangements shall not constitute an infringement of rights of any employees."

Effective January 1, 1967, Article 10(b) of the December 17, 1941 Vacation Agreement, and all interpretations thereof, shall be abrogated.

All existing rules, regulations, interpretations or practices however established, in conflict with the foregoing rule shall likewise be abrogated.

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