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ANNUITIES OF PANAMA CANAL SHIP PILOTS

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HEARING BEFORE THE COMMITTEE ON OFFICE AND CIVIL SERVICE HOUSE OF REPRESENTATIVES EIGHTY-SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 3557

A BILL TO AMEND THE CIVIL SERVICE RETIREMENT ACT
WITH RESPECT TO ANNUITIES OF PANAMA CANAL
SHIP PILOTS

MAY 29, 1962

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Printed for the use of the
Committee on Post Office and Civil Service



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ANNUNITIES OF PANAMA CANAL
SHIP PILOTS



HEARING
BEFORE THE
COMMITTEE ON

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

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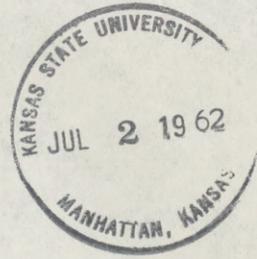
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Printed for the House of Representatives
Committee on Post Office and Civil Service



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1908



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ANNUITIES OF PANAMA CANAL SHIP PILOTS

TUESDAY, MAY 29, 1962

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
POST OFFICE AND CIVIL SERVICE COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 215, House Office Building, Hon. Arnold Olsen (chairman of the subcommittee) presiding.

Mr. OLSEN. The subcommittee will come to order, please.

This subcommittee, composed of Congressmen Addabbo, Ichord, Norrell, Wallhauser, Barry, Ellsworth, and myself as chairman, has under consideration H.R. 3557, a bill introduced by our colleague, Mr. Morrison, to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots. Without objection, the bill will be made a part of the record at this point.

(H.R. 3557 follows:)

[H.R. 3557, 87th Cong., 1st sess.]

A BILL To amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Civil Service Retirement Act is amended by adding at the end thereof a new subsection as follows:

“(g) Any employee while serving as a ship pilot in the Panama Canal Zone who attains the age of fifty-five years and completes twenty years of service, not less than fifteen years of which has been as such a pilot, shall, upon separation from the service, be paid an annuity computed as provided in section 9.”

SEC. 2. Section 9(e) of such Act is amended by inserting after “6(c)” the following: “or 6(g)”.

SEC. 3. This Act shall take effect on the first day of the first month which begins after the date of its enactment.

Mr. OLSEN. In 1957 a bill similar to H.R. 3557 was approved by the Senate following a study which was made by former Senators W. Kerr Scott and William R. Laird concerning conditions of employment confronting approximately 100 ship pilots in the Panama Canal Zone.

The Senate approved more liberal retirement benefits for Panama Canal ship pilots in view of the extraordinary conditions under which these pilots perform their duties.

We are pleased to have as witnesses this morning Commissioner Frederick J. Lawton, of the Civil Service Commission; Mr. Paul M. Runnestrand, Executive Secretary of the Canal Zone Government; and Captains McClean, Currier, and Spinney, of the Canal Zone Pilots Association.

We shall hear first from Commissioner Lawton.

Commissioner Lawton, will you proceed.

STATEMENT OF FREDERICK J. LAWTON, COMMISSIONER, U.S. CIVIL SERVICE COMMISSION, ACCOMPANIED BY ANDREW RUDDOCK, DIRECTOR, BUREAU OF RETIREMENT AND INSURANCE, CIVIL SERVICE COMMISSION

Mr. LAWTON. Mr. Chairman, I am accompanied this morning by Mr. Andrew Ruddock, who holds the position of Director of the Bureau of Retirement and Insurance of the Civil Service Commission.

We are very glad to have this opportunity to appear before you and to present the Commission's views on H.R. 3557, a bill to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots. The Commission's report on this bill is contained in a letter dated May 25, 1962, and addressed to the Honorable Tom Murray. With your permission, Mr. Chairman, I ask that this report be made a part of the record of this hearing.

Mr. OLSEN. There being no objection, it is so ordered.

Also I will insert in the record the report of the Bureau of the Budget, dated May 25, 1962.

(The reports referred to follow:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., May 25, 1962.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives.*

DEAR MR. MURRAY: This refers further to your letter of January 31, 1961, requesting Commission report on H.R. 3557, a bill to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots.

H.R. 3557 would amend the Retirement Act, effective the first of the month after its enactment, to permit employees serving as ship pilots in the Panama Canal Zone to retire on immediate full annuity at or after age 55 after a minimum of 20 years' Federal service, at least 15 of which must have been as a Panama Canal ship pilot. Annuity in each case would be computed under the special 2-percent formula in section 9(e) of the Retirement Act provided for and restricted to hazardous duty law enforcement officers retiring under section 6(c) of the act.

The bill somewhat follows a prior bill (H.R. 4000) introduced in the 85th Congress as a result of a study made by former Senators W. Kerr Scott and William R. Laird III, of the conditions of employment confronting some 90 to 100 ship pilots in the Panama Canal Zone. Following this study, these Senators on October 15, 1956, recommended that "any ship pilot in the Panama Canal Zone who has attained the age of 55 and has completed 15 years of such service be permitted to retire voluntarily on an immediate annuity equal to 2 percent of his high 5 years' average salary times his years of such service." H.R. 4000 embodied this recommendation but failed of enactment.

We have carefully studied the facts recited in said report but cannot agree that the proposed preferential provisions are warranted. By the act of July 16, 1952, Congress created a Committee on Retirement Policy for Federal Personnel to make a comparative study of all retirement systems for Government employees and report thereon to the legislative body. Among other things, this act specifically directed the Committee to make report and recommendation regarding "the necessity for special benefit provisions for selected employee groups, including oversea personnel and employees in hazardous occupations."

The Committee made an exhaustive study of the circumstances surrounding the employment of selected employee classes and the merits of arguments presented in support of special retirement benefits. Based upon this study, the Committee on June 29, 1954, submitted the following recommendation to Congress:

"The Committee has studied at some length the problems of special classes of employees as well as the needs of the Government in those activities that create special personnel problems. The Committee believes that, as a general rule, all Government employees should be treated alike for retirement purposes. It does not feel that special retirement benefits are an appropriate form of compensation

for such elements as hazardous or arduous duties or service at inconvenient or unhealthful locations. Any necessary compensation for such job elements should be reflected in active duty pay and allowances."

The Commission fully agrees with the foregoing ideas. The creation of a new preferential benefit provision for Panama Canal ship pilots could only establish an undesirable precedent and result in various other groups, equally meritorious as to duties and hazards, urging Congress to accord them the same special privilege.

No doubt employees engaged in piloting vessels through the Panama Canal are exposed to hazards not incident to more sedentary types of Federal employment. But the hazards involved in ship piloting are not such as to set these employees in a special preferential category different from all other employees of the United States. They are clearly outside the purpose for which Congress has consistently reserved the special retirement provisions applicable to law enforcement personnel, namely that of strengthening the Federal criminal law enforcement instrumentality. Congress has established a precedent as regards these preferential retirement provisions by originally extending them only to agents and similar employees of the Federal Bureau of Investigation. Later it made them applicable to other similar criminal law enforcement officers; but always the express purpose was to deal with matters strictly in the field of law enforcement.

The Commission accordingly recommends that adverse action be taken on H.R. 3557.

It should be noted that this proposal does not provide an exception to the restriction on the use of the retirement fund imposed by the paragraph headed "Civil Service Retirement and Disability Fund" in section 101 of title I of the act of August 28, 1958, Public Law 85-844, 72 Stat. 1064.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., May 25, 1962.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to your requests for the views of the Bureau of the Budget respecting a number of bills proposing to extend to other groups the special provisions of the Civil Service Retirement Act which now apply only to employees engaged in criminal law enforcement and investigative activities. The bills are H.R. 1005, H.R. 2070, H.R. 2926, H.R. 3557, H.R. 5528, and H.R. 6146.

The subject bills would extend the early retirement and higher benefit provisions of section 6(c) of the Civil Service Retirement Act to customs inspectors, immigration inspectors, admeasurers and appraisers guards (H.R. 1005 and H.R. 5528); to firefighters (H.R. 2070 and H.R. 6146); to persons subjected to disease or accident of an unusual character (H.R. 2926); and to ship pilots on the Panama Canal (H.R. 3557).

Section 6(c) of the Civil Service Retirement Act now provides a special retirement benefit for employees whose duties are primarily the investigation, apprehension or detention of persons suspected or convicted of offenses against the criminal laws of the United States. Such law enforcement employees may retire at their own option, with approval of their agencies and the Civil Service Commission, at any time after reaching age 50 and completing at least 20 years of such service. These age and service requirements are lower than those applying generally to other employees for optional retirement. The annuities of these law enforcement employees are computed at 2 percent of their highest 5-year average salary multiplied by their total years of creditable service, not exceeding 80 percent of average salary—a formula which provides a higher benefit than the graduated percentage factor used to compute the annuities of other employees in the executive branch. This benefit is more liberal than the normal retirement benefit in three major respects:

(1) The 2-percent factor itself provides a higher benefit for the same average salary and years of service;

(2) Payment beginning before age 60 without reduction for early retirement is a further relative increase in the benefit; and

(3) Payment beginning at an early age provides a correspondingly longer benefit term and increases the average value of the annuity—an annuity payable at age 50 has a present value on the average of about one-third more than the same annuity payable beginning at age 60. The added cost to the Government of providing this special benefit is the price of maintaining a young, vigorous, and effective law enforcement staff.

This special early retirement provision of the Retirement Act has been limited since its inception in 1947 to positions involving investigation, apprehension, and detention of suspected or convicted criminals, and even the most recent extension of this provision, in the Retirement Act Amendments of 1956, limited its application to persons whose duties involve frequent direct contact in connection with detention of such criminals.

The Bureau of the Budget believes that the subject bills would defeat this long-established principle, disregarding the central purpose of section 6(c), which is to strengthen law enforcement activities. The bills would extend an extraordinary and costly special benefit to various occupations whose primary duties do not involve investigation, apprehension or detention of suspected or convicted criminals, and to Federal programs where there is no demonstrated need for the Government to retire personnel at earlier than normal retirement age before completing a full career.

Accordingly, for the reasons stated above, the Bureau of the Budget opposes enactment of the subject bills and recommends against their favorable consideration by the committee.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

Mr. LAWTON. H.R. 3557 would amend the Civil Service Retirement Act to provide benefits for Panama Canal ship pilots which would be more liberal than those available to employees generally. The bill would permit retirement on immediate full annuity for any Panama Canal ship pilot who has reached age 55 and who has served a total period of 20 years, including at least 15 years as a pilot in the Panama Canal Zone. The annuity would be computed under the special formula of 2 percent of average salary for each year of service.

The special benefits proposed for ship pilots are similar to those currently available only to employees who are engaged in criminal law enforcement work. The Civil Service Commission has consistently opposed extension of the concept of special benefits to any additional groups. We are firmly of the opinion that all Government employees should be treated alike for retirement purposes. Special retirement benefits are not an appropriate form of compensation for hazardous or arduous duties or for duty at inconvenient or unhealthful locations. Any necessary compensation for such job elements, should be reflected in active duty pay, and to the extent, of course, pay is increased, the retirement benefit is also increased because the amount of annuity is related to pay as well as to length of service.

Our lack of enthusiasm for legislative proposals like H.R. 3557 should not be construed as a failure to understand or an attempt to minimize the importance of the ship pilots in the operations of the Panama Canal. We have acquired some knowledge of the duties and responsibilities of the pilots. We are aware of their long and frequently irregular hours of duty; of the hazards of the work; and of the possible effects on health of working in the tropics, under constant tension, and exposed to the elements over long periods of time.

While no other group of employees may have the precise combination of personnel problems incident to service as a Canal Zone pilot, other groups do have problems, which in their opinion, would justify special retirement provisions.

Stated simply, we do not believe the retirement system is the appropriate medium for solving the special personnel problems of different occupational groups. We think a chaotic situation could develop rapidly if the Retirement Act were amended to provide one set of rules for ship pilots, another for firefighters, another for aircraft pilots, and so on through the various occupations which are found in Government service. Over the years, special retirement provisions have been proposed for the above groups, as well as for customs inspectors, postal employees who protect the mail, Treasury collection officers, and employees whose occupations subject them to unusual hazards. We have not favored enactment of any of these proposals.

Although the added benefits in an individual case would involve additional costs, the Commission's objection to the enactment of H.R. 3557 is not for this reason. The total number of pilots is so small, the bill would not affect noticeably the total cost of the retirement system, which covers over 2 million employees.

The Civil Service Retirement Act presently contains a number of provisions, not limited in application to one occupation, which in combination go a long way toward meeting the special needs of ship pilots. For example, retirement on disability is permitted after a minimum of 5 years of service. An employee is considered disabled for retirement purposes if he is physically or mentally incapable of performing the duties of his own job in a useful and efficient manner. If he retires on disability, his minimum annuity is the smaller of (a) 40 percent of average salary—and the 40 percent, by the way, is 20 years times 2 percent—or (b) annuity based on service projected to age 60.

Mr. Ruddock and I will be glad to answer any questions you may have.

Mr. OLSEN. Have you made any calculations as to the cost of this bill?

Mr. LAWTON. It is rather difficult to make a total calculation but we have some figures here that would describe an individual case and you could roughly multiply it by 100. But the cost, as I have said, is not a major element in this bill. As a matter of fact, we could not get the percentage of the total payroll that it would involve because it goes beyond the decimal. But we do have some figures Mr. Ruddock could give you.

Mr. RUDDOCK. If we could give this in terms of one specific example, if we assume the ship pilot enters the service at age 35, under the bill he would be entitled to retire at age 55 and his annuity would be computed at 2 percent of his average salary multiplied by years of service.

Under the provisions of the Retirement Act currently in effect, his earliest possible retirement would be at age 62, under which he would have 27 years of service.

The added cost to the Government in an individual case in permitting retirement at age 55 on a full annuity would be roughly equivalent to 2 years of the man's salary.

Mr. OLSEN. Here is a thought that has been occurring to me because I introduced a bill that would permit early retirement of people engaged in the mining industry under the Social Security Act, not because of the hazards of the employment but because of the unhealthy conditions under which they work. My rough calculation was that because in some mines silicosis and in other mines other kinds

of harmful conditions exist that reduce the life expectancy of a man, he should have earlier retirement. I think, in effect, because of early death by reason of unhealthy working conditions that the person engaged, for instance in the mines in Montana, is in effect cheated. He pays into the social security system a percentage of his pay but he cannot possibly expect to live as long as other retirees, and I was thinking in those terms in looking at these people. If it is true—and I do not know that it is—that there is an unhealthy condition here and they do not have a life expectancy similar to other people in the Government service, there is some justification for early retirement in order for them to get a proper compensation out of the retirement system.

So I wondered if you have any figures or if you could develop any figures on what the life expectancy is of this particular class of people?

Mr. LAWTON. We do not have any on the life expectancy.

Mr. OLSEN. I should have said life experience.

Mr. LAWTON. This bill was aimed at the length of time they were able to perform effectively and efficiently without undue strain on themselves. There is in an earlier report a listing of a group that had retired in the year 1955 or 1956 or during the period 1949 to 1956, and the retirement ages of this group, the maximum age of those retiring was 62 and the average age was about 55.

Mr. OLSEN. You say the average age of retirement was 55?

Mr. LAWTON. Fifty-four and seven-tenths percent of this group that had retired. Some of those had retired for medical disability and some for varying other reasons. One had fallen and received a back injury, something of course that could occur to anyone either on shipboard or in the house or anywhere else. Of course if they are physically disabled to perform the job of a ship pilot—not to perform any job but to perform the job of a ship pilot—then they are entitled to a retirement annuity with a minimum of 40 percent if under the age of 38 and if over the age of 38 the amount they would receive at age 60.

Mr. OLSEN. With such a small group as this, is it possible to obtain statistics of their life experience?

Mr. LAWTON. I would think it would be relatively easy and I imagine the other witnesses would have such information today.

Mr. OLSEN. Any questions?

Mrs. NORRELL. I am wondering if there is any group that now has the privilege of retiring at age 55? Is there any precedent at all on that?

Mr. LAWTON. Oh, yes. Employees engaged in law enforcement work, employees of the Federal Bureau of Investigation or employees having custody of prisoners, narcotics agents, Internal Revenue agents engaged in certain phases of the activity, all can retire with 20 years of service at age 50 with the consent of the agency.

Mrs. NORRELL. What would be the added cost to the Government for this particular group of employees?

Mr. LAWTON. The additional cost would be minor. There are roughly 100 ship pilots, 97 to 100, and it would be about the cost of 2 years' salary.

Mrs. NORRELL. I mean the group given the privilege of retiring at age 50 with the consent of their agency?

Mr. LAWTON. We have not made a separate calculation but there are a good many thousands of them. It is a larger group by far than

is involved here. There are probably 20,000 involved in that system, that is, 20,000 in active employment. As of June 1961 there were 2,657 on the annuity rolls who had retired under that annuity provision.

Mr. OLSEN. How many?

Mr. LAWTON. 2,657. That is not necessarily retired at age 50. They may have retired at an earlier age than age 60. What is the average age?

Mr. RUDDOCK. The average of those retiring in 1961 was 58.9. Most of them do not take advantage of the provision at age 50.

Mrs. NORRELL. They do not have to retire at that age?

Mr. LAWTON. No. They can retire voluntarily if they are engaged in those law enforcement agencies and have the consent of the agency head to retire at age 50 with 20 years of service. Or they have the option of retiring at the same age as any other Government employee.

Mrs. NORRELL. What percentage of the annuity would they receive at age 50?

Mr. LAWTON. At age 50 with 20 years of service, 40 percent.

Mrs. NORRELL. So it is a reduced annuity?

Mr. LAWTON. It is higher than the normal annuity. The normal annuity for the same period of time would be $36\frac{1}{4}$ percent. The percentage is $1\frac{1}{2}$ for the first 5 years, $1\frac{3}{4}$ for the next 5 years, and 2 thereafter. So the percentage is about $3\frac{3}{4}$ percent greater in terms of actual dollars but they get it without having to take any reduction by reason of being under age 60 whereas a person voluntarily retiring would be subject to such reduction.

Mrs. NORRELL. Is this intended to give relief to people who are in terrific hazards most of the time?

Mr. LAWTON. Two arguments were made. One was hazard. The other argument was to keep the service young, that it was necessary to have young people in law enforcement work. After some experience, that was abandoned as an argument later on because it had not worked out that way. A good many of them stayed on until they were 60, the same age the ordinary employee retired anyway. So it remained to argue it on the hazard basis and the strain of the job. That is why all employees of the prison system were permitted in that group a few years back.

Other groups are requesting legislation of this same character. For example the air traffic controllers, numbering over 15,000, are using the same argument, that it is a young man's game and the strains and stresses are such we cannot trust these people after too long a period on the job. So they have made a request for legislation of the same character as this. In that group there are 15,000 involved against the 100 involved here.

Mr. OLSEN. Commissioner, do you have an opinion as to what the Commission's view might be if the bill provided for retirement after 20 years of service instead of 15?

Mr. LAWTON. This bill does provide 20 years of service, of which at least 15 must be as a pilot and he must be a pilot when he retires.

Mr. OLSEN. I mean 20 years as a pilot?

Mr. LAWTON. It would not change our viewpoint on it. I have not consulted with the others on the Commission on that, but we have discussed this same type thing in other areas and we have been opposed to the early retirement. We believe that the man should be paid a

premium pay for this type of work rather than early retirement. In the first place, it would affect his retirement annuity if his pay were adjusted; and secondly, it would affect his insurance, which we consider important if there are hazards in the job.

Mr. OLSEN. Did the Commission have the same position in regard to preferential treatment for law enforcement officers?

Mr. LAWTON. Yes, in those occasions where we were asked to comment on it.

Mr. OLSEN. Any further questions?

Mrs. NORRELL. You stated that you were against the early retirement feature. Would you recommend that this provision be taken off as it applies to the law enforcement officers and that they be put back where the others are?

Mr. LAWTON. I do not think we would make a formal recommendation because our heads are rather tender and we do not like to butt them against stone walls.

Mrs. NORRELL. I can appreciate that.

Mr. OLSEN. Any other questions?

Mrs. NORRELL. No. Thank you.

Mr. OLSEN. Thank you, Mr. Lawton and Mr. Ruddock.

Our next witness is Mr. Paul M. Runnestrand, Executive Secretary of the Canal Zone Government.

**STATEMENT OF PAUL M. RUNNESTRAND, EXECUTIVE SECRETARY,
CANAL ZONE GOVERNMENT**

Mr. RUNNESTRAND. Mr. Chairman, the only prepared statement I have is the report of the agency which was requested by the committee and which I have handed in this morning.

Mr. OLSEN. That is over the signature of W. M. Whitman, Secretary of the Panama Canal Company?

Mr. RUNNESTRAND. Yes, sir.

Mr. OLSEN. Without objection the statement of the Panama Canal Company dated May 28, 1962, over the signature of W. M. Whitman, Secretary of the Panama Canal Company, will be made a part of the record at this point.

(The statement referred to follows:)

PANAMA CANAL COMPANY,
Washington, D.C., May 28, 1962.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives.*

DEAR MR. MURRAY: This is in response to your request for the views of the Panama Canal Company on H.R. 3557, a bill to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots.

H.R. 3557 would amend section 6 of the Civil Service Retirement Act (5 U.S.C. 2256) to provide that a Panama Canal pilot who attains the age of 55 years and completes 20 years of service, not less than 15 years of which shall have been as a ship pilot in the Canal Zone would, upon separation from the service, be paid an annuity computed as provided in section 9 of the act (5 U.S.C. 2259). This would reduce from 62 to 55 the age requirement for voluntary retirement without reduction in annuity (or from age 60, with 30 years service) and would reduce from 30 years to 20 years the length of service required to qualify for voluntary retirement prior to reaching age 60 without reduction in annuity.

The bill would also amend subsection 9(a) of the Retirement Act to provide that the annuity of a Panama Canal pilot be computed in the same manner in which the annuity is computed for an employee "the duties of whose position are pri-

marily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States' (subsec. 6(c) of act); namely, at the straight rate of 2 percent for each year of creditable service rather than at the lesser, progressively scaled rates applicable generally under subsection 9(a) of the act. Although the rate at which the annuity of a Panama Canal pilot would be computed under the proposed legislation would be the same as it is for the law enforcement officers covered by section 6(c) of the act, the age requirement for voluntary retirement at full annuity would be different (50 years for law enforcement officers, 55 years for Panama Canal pilots), and the length of service requirement in the particular employment would also be different (20 years as a law enforcement officer, 15 years as a ship pilot plus 5 years of other creditable service).

A Panama Canal pilot normally makes three transits a week with an intervening day without duty between any two such transits, and with a designated nonwork day in each week. Thus, a typical workweek for a pilot, in which Saturday happened to be designated as a nonwork day, might involve transits on Sunday, Tuesday, and Thursday. In unusual circumstances, such as the occurrence of especially heavy traffic, it may be necessary for pilots to make transits on 2 successive days. During the times that a pilot is assigned to harbor duty (which does not involve transiting ships through the canal) he works regular shifts of 8 hours per day. When the pilot is on transit duty his normal three transits a week usually average out, with the inclusion of an allowance for travel time, to approximately 40 hours of duty per week, there being, of course, some variation inasmuch as the length of transit time varies with the nature and size of the vessel and other circumstances. Transits at night were formerly not normally required but in recent years, with the increase of canal traffic, night transits are becoming more frequent. This results in a situation wherein usual sleeping hours are not always available to pilots. Transit times for vessels normally are not less than 13 hours, except in rare instances. The duties of a pilot are undeniably responsible duties, and a high order of skill and judgment is required. The degree of mental stress which a pilot undergoes varies greatly with particular transits and depends upon considerations such as variation in ships' size, traffic volume, vessel equipment breakdowns, and weather conditions.

The Panama Canal Company is fully cognizant of the physical requirements for the important position of Panama Canal pilot and makes every effort to so schedule the work as to minimize the strain or stress that is inherent in the employment. Thorough physical examinations of pilots are required annually in order to insure that periodic assessments are made of the pilot's continuing fitness to perform pilotage duties. These examinations are required both in the interest of insuring operating efficiency and in the interest of insuring that no pilot is called upon to perform duties which he is no longer physically able to perform without unduly taxing his capabilities or affecting proper performance. Such annual physical examination of course affords an appropriate basis for the initiation of disability retirement in any cases where that is indicated.

In view of the substantial investment required in the training of a Panama Canal pilot, and in view of the fact that a pilot's skill and ability continue to grow with additional experience, the Panama Canal Company and the Canal Zone Government are unable to support the feature of the subject legislation which would permit voluntary retirement at full annuity after only 15 years' service as a Panama Canal pilot. To establish a basis for comparison, the Panama Canal Company sent inquiries to 23 associations of ship pilots in the United States regarding the features of their retirement plans respecting age and service requirements for optional retirement. Seven replies were received. It would appear that the city of Los Angeles Harbor Department has the most favorable optional retirement plan. It permits optional retirement with 30 years' service at any age or retirement at age 55 with 10 years' service. None of the other associations replying to the inquiries permit optional retirement at under 60 years of age, and most require that the pilot reach age 65 before he may retire. Pilot associations in the United States are, of course, generally speaking profit-sharing associations and the pension or retirement plans would therefore understandably differ considerably from the retirement system for Federal employees.

Furthermore, the special provisions now contained in the Civil Service Retirement Act which would be extended to Panama Canal pilots by H.R. 3557 are limited to positions involving the investigation, apprehension, and detention of suspected or convicted criminals. As a matter of policy, the extension of these

early retirement provisions to other classes of employees not engaged in such law enforcement activities does not appear to be justified by the rationale supporting the original exceptions.

The Panama Canal Company opposes enactment of H.R. 3557.

The Bureau of the Budget advises that there is no objection to the submission of this report to your committee.

Sincerely,

W. M. WHITMAN, *Secretary.*

Mr. RUNNESTRAND. Because some of that statement has been covered or will be covered I do not intend to read it at this point but I would like to give the highlights.

In addition to being executive secretary of the Canal Zone Government, I am appearing here as executive assistant to the President, Panama Canal Company, this being the Panama Canal Company's interest rather than the Government's. I am here on behalf of Governor Fleming, who is President of the Panama Canal Company. We are two agencies but so closely integrated it is not so important to make the distinction, perhaps.

First let me say that the pilots and the management of the Panama Canal Company have very fine relations at the present time. The Panama Canal Company is fully cognizant of the special conditions which apply to the pilot's work. They, as a group, are of the highest type and fully competent and have extremely responsible jobs involving both physical requirements and stresses and strains mentally.

A Panama Canal pilot normally makes three transits a week with an intervening day without duty between any two such transits, and with a designated "nonwork" day in each week. Thus, a typical workweek for a pilot, in which Saturday happened to be designated as a nonwork day, might involve transits on Sunday, Tuesday, and Thursday.

However, in unusual circumstances, such as the occurrence of especially heavy traffic, it may be necessary for pilots to make transits on two successive days. When the pilot is on transit duty his normal three transits a week usually average out, with the inclusion of an allowance for travel time, to approximately 40 hours of duty per week, there being, of course, some variation inasmuch as the length of transit time varies with the nature and size of the vessel and other circumstances such as traffic conditions in any particular week.

It is true that night transits are becoming more frequent, as a result of which usual sleeping hours are not always available to pilots. Transit times for vessels normally are not less than 13 hours and the pilots do stand on their feet during that time performing duties of stresses and strains and high responsibility. I do not know of any other operating employees in the Panama Canal Company that have greater responsibility in terms of stresses and strains and responsibility. The duties of a pilot are undeniably responsible, and a high order of skill and judgment is required. The degree of mental stress which a pilot undergoes varies greatly with particular transits and depends upon considerations such as variation in ships' size, traffic volume, vessel equipment breakdowns, and weather conditions.

As I say, the Panama Canal Company is fully cognizant of the physical requirements for the important position of Panama Canal pilots and makes every effort to so schedule the work as to minimize the strain or stress that is inherent in the employment. Thorough physical examinations of pilots are required annually in order to

insure that periodic assessments are made of the pilot's continuing fitness to perform pilotage duties. These examinations are required both in the interest of insuring operating efficiency and in the interest of insuring that no pilot is called upon to perform duties which he is no longer physically able to perform without unduly taxing his capabilities or affecting proper performance. Such annual physical examination, of course, affords an appropriate basis for the initiation of disability retirements in any cases where that is indicated.

The U.S. Government, through the Panama Canal Company, has an investment, of course, in the training of a Panama Canal pilot, and in view of the fact that a pilot's skill and ability continue to grow with additional experience, the Panama Canal Company and the Canal Zone Government are unable to support the feature of the subject legislation which would permit voluntary retirement at full annuity after only 15 years of service as a Panama Canal pilot.

However, basically the position of the Panama Canal Company is, as a member of the executive branch, based upon the exact position and reasons therefor stated by Commissioner Lawton. The special provisions now contained in the Civil Service Retirement Act which would be extended to Panama Canal pilots by this bill are now limited to positions involving the investigation, apprehension, and detention of suspected or convicted criminals, and, as Commissioner Lawton has stated, the general policy has been that the extension of these early retirement provisions to other classes of employees not engaged in such law enforcement activities does not appear to be justified by the rationale supporting the original exceptions. As stated in the report of the U.S. Civil Service Commission, that is not the preferred method of taking care of special classes of employees.

Therefore, the Panama Canal Company is not in a position to support enactment of the bill, H.R. 3557.

I am authorized to say that this general statement of position has the sanction of the Bureau of the Budget in accordance with usual executive branch procedures.

I will be glad to answer any questions you may have.

Mr. OLSEN. Any questions?

Mrs. NORRELL. Not at this time.

Mr. OLSEN. Thank you, Mr. Runnestrand.

The next witnesses are Capt. Richard McClean, president of the Canal Zone Pilots Association, and Mr. William S. Tyson, counsel for the Canal Zone Pilots Association.

Is Capt. Harold Spinney and Capt. N. M. Currier going to testify too?

Mr. TYSON. We will see when Captain McClean finishes.

Mr. OLSEN. Very well.

STATEMENTS OF CAPT. RICHARD McCLEAN, PRESIDENT, CANAL ZONE PILOTS ASSOCIATION; AND WILLIAM S. TYSON, COUNSEL FOR CANAL ZONE PILOTS ASSOCIATION; ACCOMPANIED BY CAPT. HAROLD SPINNEY, VICE PRESIDENT, CANAL ZONE PILOTS ASSOCIATION; AND CAPT. N. M. CURRIER, SECRETARY, CANAL ZONE PILOTS ASSOCIATION

Mr. TYSON. Mr. Chairman, Captain McClean is president of the Canal Zone Pilots Association and Captain Spinney is vice president

of the Canal Zone Pilots Association, and Captain Currier is secretary of the Canal Zone Pilots Association. I think the fact they took leave to come up indicates their extreme interest in this legislation.

For the benefit of the committee I would like to make a couple points, with your permission.

Mr. OLSEN. You may proceed.

Mr. TYSON. This bill, H.R. 3557, was considered in 1957 by the U.S. Senate as a result of hearings which were held both by the Senate Committee on Civil Service and by a subcommittee of this committee. The House committee hearings are available in the report which is entitled "Implementing a Treaty With the Republic of Panama, Part 2" and they relate to four bills which at that time did approximately the same thing as H.R. 3557. The particular testimony on that legislation begins at page 175 of that report. The testimony was quite voluminous and included a number of charts which at that time represented the statistical information which we would hope this committee would review.

As a result of the hearings in the Senate, the Senate passed S. 821, which is the same as this bill, and submitted a report in favor of the legislation which is Report 824 of the 85th Congress, 1st session, in which they went into some detail giving their reasons for favoring this legislation.

I might say that these reports set forth very graphically the need for this legislation and we would like if the committee would consider these documents that I have mentioned in their consideration of this legislation.

We would also like to point out that the Civil Service Commission and the Budget Bureau at that time opposed the legislation and, as a matter of general policy, have opposed all legislation which would amend the Retirement Act to offer early retirement, and I think the testimony of Commissioner Lawton this morning confirmed that when he said they did not favor the optional early retirement for employees in law enforcement activities. So it is a general policy with them and despite the objection the Senate passed it and this committee gave consideration to it, but at that time we were not sure whether the Civil Service Commission would continue to oppose it or not and there has been a lapse of several years in the consideration by the Congress of this bill, but the facts are the same.

This is a unique situation. It has extreme merit and the fact it does have such merit is the real reason there is this continued interest in the legislation.

We have here a small group of people who are actually, on the basis of figures which we will present, subjecting themselves to the hazards of early death and disability because of the service to their Government. Captain McClean will give you the figures and the names and the fact that in the past 3 years up to the end of 1961 I believe there were 11 pilots who left the canal employment, and of those 11 my recollection is that 6 of those are dead, 3 of them are either blind or incapacitated so far as sight is concerned, and 2 of them are OK although 1 is not physically fit though he is able to get around.

That, in my opinion, really tells the story of what is happening down there. It is a sad story.

Mr. OLSEN. Are there any statistics on ages?

Mr. TYSON. Captain McClean has all of this, which he will give you with your permission.

It also points out the need for this legislation. These people are carrying ships through the Panama Canal with a beam of 108 feet when the canal is only 110 feet, and the tension and strain of doing this is beyond our comprehension because they are carrying ships worth millions of dollars, the ship and its cargo, and an accident because of physical disability of some kind, although it might be minor, could cause this Government a loss of millions of dollars or certainly hundreds of thousands of dollars. Certainly a man with bad eyesight or some defect could cost more than this bill would cost in 100 years.

You heard the testimony of Commissioner Lawton when he said the cost of this bill was not an element in their position. As a matter of fact, the cost is almost infinitesimal because there have only been 133 pilots since 1914, which is 48 years, who have retired, so the cost could not be very much. The most we would estimate it would cost would not be over \$5,000 a year, whereas you could have a ship damaged in one accident caused by some physical defect that would not permit that man to retire that would cost the Government \$250,000 or more. There are cases in court now where that has occurred. Captain McClean can tell you about that. So actually this bill, in our judgment, would save money for the Government. There is no question about it.

Mr. Chairman, I would like to hand you some photographs showing the situation with these big ships that are continually increasing in size and length and which have to go through the lockage system of the canal which everyone admits is a very difficult job. Some are so big now they cannot get through.

Mr. OLSEN. Is the Government an insurer of these ships when they go through?

Mr. TYSON. The Government is responsible if they are negligent and there have been recoveries and Captain McClean can give you information about that. He mentioned to me last night a particular accident where the damage was \$250,000.

Captain McCLEAN. Half a million.

Mr. TYSON. And it came from a man who died within a year after he got out of the service, which shows he was not in perfect physical condition. As a matter of fact, the Panama Canal Company is trying to use the younger pilots to carry the ships through because although the men increase in experience when they reach the age of 55, it is shown statistically that they deteriorate to such an extent that they are not physically in possession of all of their capabilities.

I would like to point out also that this legislation is not proposed under the hazardous occupations section of the Civil Service Retirement Act. It is a new section, section 6(g), and that is in accord with the view of the Senate that it should not be placed on a hazardous occupation theory, that it was a unique situation that needed to be taken care of in a separate section of the act.

Also, Mr. Chairman, I would like to point out that the pilots themselves are perfectly agreeable to changing the 15 years of service of the pilot to 20 years of service. That presents no problem so far as they are concerned.

There are now in existence a number of conditions in the tropics which I would like to call to your attention, things to which these people are subjected.

The normal person who goes to the Canal Zone to work, normally works in an office and is not subjected to all of the elements.

Mr. OLSEN. You say they have no objection to a provision which would require 20 years of service as a pilot?

Mr. TYSON. That is right; they would go along with that if the committee thought it desirable. They voted on this, as a matter of fact, to that effect.

Mr. OLSEN. Proceed, please.

Mr. TYSON. The pilot, on the other hand, is exposed to the elements in all of his work. The dangers of the tropical sun in the tropics are well shown by statistics. Skin diseases are prevalent particularly among the pilots, and skin cancers develop very frequently. We have had numbers of pilots who have had to quit on account of that.

Only last November we lost one, and again I believe in January another one died. These skin cancers develop and seem to come from the rays of the sun, and, of course, medical science has said continuous exposure to the sun does increase the incidence of skin cancer.

In addition, they are exposed to all the hazards of going up a ladder on a ship which may be 100 feet, and coming down and getting on there at night, and getting on a deck which may be unlighted. We have had a number of people injured in that kind of process. As a matter of fact, we had one die last summer who was badly injured in a fall from a ship.

Although we are not going on the hazardous occupations theory, we do want to point out to you that these people are subjected to unusual hazards.

It is true that the police in the Canal Zone have early retirement. As a matter of fact, they have it at 50, I believe, but these people who are exposed to the hazards I have mentioned, and which are fully portrayed in this testimony, have never received the benefits of any early retirement.

Now, Mr. Chairman, with your permission, Captain McClean would like to give some information. I would be glad to answer any questions.

Mr. OLSEN. Questions?

Mrs. NORRELL. Not at this time.

Mr. OLSEN. Proceed, Captain.

Captain McCLEAN. All I can add to Mr. Tyson's statement are the facts and figures that we pilots have compiled regarding the membership over the past. Unfortunately we find that 20 percent of the pilots have died on the job and 40 percent went out on medical disability, which is a 60-percent casualty list.

Basically the Panama Canal Company has enjoyed the services of its pilots for an average of 20.9 years, only 0.9 year more than the requested retirement plan.

The average age of disability is 56.4.

The percentage of full retirements is 17 percent, while there were 83 percent separated before they reached the full retirement age. As a result, we feel we are justified in asking for this legislation.

I have the statistics which I would like to present to the committee for insertion in the record if necessary.

These figures have not been discolored or distorted in any way. The facts are there. The men are dead. Unfortunately the situation cannot improve due to the fact world's shipping has increased considerably. We are working some 24 hours a day. The men are working more and more at night, and our hours have become more irregular. I think that this casualty list of ours undoubtedly will go up over the next few years.

I can offer nothing else along that line, Mr. Chairman.

Mrs. NORRELL. How do the casualties of the Panama Canal pilots compare with the hazards of pilots in other positions?

Captain McCLEAN. The actual work is similar to a certain extent. Pilotage in the United States requires a bar pilot normally to take a ship from outside anchorage to an inner harbor, at which time another pilot, usually a tugboat company docking pilot, will board the ship and do the piloting, so there are two or possibly three pilots handling any particular ship for an outside arrival to an inside docking job.

In our case the Panama Canal pilot does all three. He boards the ship, takes it through the canal, docks his ship, ties the ship up along the lock walls, and he makes lock approaches and gives appropriate signals to the locomotive operators. Actually we function as an individual who does the work of three in comparison with outside pilotage, and by outside I mean pilotage throughout the United States.

Mrs. NORRELL. So the responsibility would be two or three times greater than that of pilots in other areas?

Captain McCLEAN. The hazards involved, perhaps the mortality and disability statistics ratios, would be increasingly greater.

Mrs. NORRELL. Do other associations that you know of have an earlier retirement?

Captain McCLEAN. Those associations are private. Each pilot owns a share of his association. He is not restricted by any type of retirement by age. When he feels he is ready to retire he draws his money from the association and he retires.

Mrs. NORRELL. That is an entirely different proposition.

Captain McCLEAN. That is right.

Mr. OLSEN. What share does he draw?

Captain McCLEAN. It depends on the size of the actual pilots association.

Mr. OLSEN. Does it depend upon the number of years of service and the amount of the contribution made by the member?

Captain McCLEAN. As an example, San Francisco pilots buy into the association with \$10,000. That is their share. They are paid over a period of a year by the amount of money the association takes in. It is prorated through the years of seniority within their own association.

When they retire, the \$10,000 investment that they have in their own boats, their own pilot launches, and so on, possibly has enhanced in value percentagewise, so he would undoubtedly go and have a monetary value greater than his original investment in the Pilots Association. I refer strictly to U.S. pilotage here.

Mr. OLSEN. It is dependent upon the amount of the investment he has made in the association?

Captain McCLEAN. Investment and seniority with the association.

Mr. OLSEN. Very well.

Mr. TYSON. In that connection, Mr. Chairman, the Commission testified they thought other remuneration could make up for this. In these associations, these private pilot associations, the remuneration is considerably above that which these people make.

Mr. BARRY. I would like to ask the witness to comment on a statement on page 2 of Mr. Lawton's statement. He says—

Stated simply, we do not believe the retirement system is the appropriate medium for solving the special personnel problems of different occupational groups.

Would you comment on that?

Captain McCLEAN. I disagree to a certain extent. The occupational hazards are there and they will remain there. The statistics show that due to those hazards, the occupational hazards, such as exposures and irregular working hours, we feel we would be compensated then by an earlier retirement. We are losing our men at age 56.4, anyway, in the canal service. We feel we are being penalized to a certain extent inasmuch as we cannot possibly take full advantage of the Civil Service Retirement Act as it now stands. Our average age of entrance into the service is 35. We must have sailed as a ship's officer for 7 years on the bridge, 1 year as a master, and it takes approximately 12 to 15 years to get this service in before we can apply for the position of Panama Canal pilot.

Mr. BARRY. I am sure you realize that in 1952 there was a study set up by the committee on retirement policy for Federal personnel. The findings of that committee are such that they went through and made continuous searches through the Federal Government for specialized employment, and especially hazardous employment.

They came to the conclusion that any necessary compensation for such job elements, meaning hazards and length of time one could devote to a service, should be reflected in active duty pay and allowances.

I would like to ask you what is the beginning pay of a pilot?

Captain McCLEAN. The beginning pay now is this: After 2 years of training, 3 months on the tugboat, 6 months apprentice pilot, and 1 year probationary pilot, is \$12,900 a year.

We go from that over a period of 7½ years to \$15,800-plus.

Mr. BARRY. Does it go any higher?

Captain McCLEAN. That is the last classification after a total of 9½ years. We have become senior pilots then and there is no additional pay in that respect. That is the top pay.

Mr. BARRY. Don't you think that perhaps this language suggested by committee findings in 1953 would be in better keeping with policies laid down by the Civil Service Commission?

Captain McCLEAN. Perhaps so, but the monetary value we do not feel compensates for the fact that our men are either dying or going out on physical disability at the early age of 56. The money is not important.

Mr. BARRY. The retirement plan you suggest in the bill would in effect put money in their pockets. It is basically a money matter here, is it not?

Captain McCLEAN. Was that a question?

Mr. BARRY. Yes. It is a money compensation for the hazard these people undergo and the type of duty he has to perform?

Captain McCLEAN. Yes, it is.

Mr. BARRY. Whereas our policy under civil service has suggested he be compensated during his working time for the hazard rather than in the retirement plan. I am merely suggesting that your aim here is perhaps correct—to compensate the man—but the way you are doing it is contrary to policy. Except in the field of law enforcement, there have not been any exceptions at all and we have many hazardous occupations in the Federal services.

You can imagine if we opened it up for one group as to where it might end.

Captain McCLEAN. We are not approaching the hazardous occupation in the literal sense of being a hazard.

Mr. BARRY. I have been listening to you mention these hazards—falling down ladders, illness, skin cancer, and so on. All those things are hazardous.

Here we have a policy pretty well laid down that the remedy for that is in higher compensation rather than through the retirement system of compensation.

I don't think you will find the Federal Government shirking from its responsibility, but they might balk at changing the method of paying for this type of hazardous occupation.

Mr. OLSEN. I made the remark a little earlier that I had introduced a bill providing for early retirement of people engaged in the mining industry, active underground miners, under social security, for the reason that their life expectancy was shortened by their jobs.

I am thinking of it in different terms than hazard which cripples the man or hazard which takes his life during his employment. It is hazard which shortens his life expectancy and in effect I am contending that the underground miner does not get the amount of retirement that he pays for because he doesn't live as long as the ordinary retiree. That is the fact I wanted them to develop here, whether or not there is such hazard that these retirees pay for retirement which they do not receive because they do not live long enough.

Mr. BARRY. Some of our postal carriers say the same thing. They say they work so hard in walking these beats in all kinds of weather they don't live long enough to get the benefit of their retirement. We have had that on this committee any number of times. They say their jobs are so exhausting they cut down their life expectancy.

When we get down to adjudicating actuarial life expectancies of Federal personnel we shall be either computers ourselves or we will make a lot of mistakes.

I think it is right and proper for you to be in here seeking to do something for the pilots of the Panama Canal, but I wonder if you are aiming at the right target in attempting to get a modification of the retirement plan.

Captain McCLEAN. Our target as we see it is an opportunity to live past the age of 55. Unfortunately the statistics do not lie. Men are going out on physical disability or they are dying at age 56.4. Under the Civil Service Retirement Act as it now stands we cannot take advantage of this retirement up through this age 62.

Mr. BARRY. Where do you recruit pilots? Are they from the United States or tropical areas?

Captain McCLEAN. American citizens who come out of American steamship companies.

Mr. BARRY. It seems to me if we know of a situation such as this perhaps we should find out other means of recruiting rather than changing a system to meet the problem.

If the average age of death of pilots is 56 we are not doing a very good job of management. Does everyone get told this fact at the time they apply for jobs? Are they told the average age is only 56, that this will cut down their life expectancy, and they are stepping into a hazardous occupation, getting skin cancer because of exposure to sun rays, and so on? Are they told this?

Captain McCLEAN. It doubt if the Panama Canal Company informs them of these hazards.

Mr. BARRY. I think we have a management problem here more than running around with a little remedy at the tail end to make the benefits more worthwhile to them. My view is that it is a proper thing for you to be up here doing something for them, but I wonder if the target is not wrong. Perhaps we should recruit elsewhere for our pilots where they have an opportunity to live a normal life.

We are taking people down there who do not know what they are stepping into. It seems we are doing a poor job of management and we might even be deceptive if this fact is known to us and management and it is not known to the men who are called down to do this job.

Mr. TYSON. Again I would like to reiterate what the captain has said. It is not a question of money with them at all, and it is not a question of being told what will happen. It is intrinsic in the job, carrying those ships through. I gave some pictures to the chairman which show what they have to do. No matter who you brought down there, these transits would last 10, 12, 20 hours. U.S. citizens are used because of the safety of the canal, I assume. They use only U.S. citizens as pilots.

It was established earlier in the testimony before you came in, and I am sorry you were not here at that time, that up to last December there were 11 pilots who went out in 3 years, and of those 11, 6 of them died, 3 are blind, and there are 2 who are all right.

I don't think it is a question of management. It doesn't seem to us to be anything except the fact that the Panama Canal is where it is, and we have to take ships through those locks, which takes a long time, exposure, and those things.

I would like to point out to you that when the Senate considered this they did not put it on the basis of hazard at all. They put it on the basis that this was a unique situation which did not exist anywhere else in Government. For that reason they passed this legislation and gave a very strong favorable report.

I mentioned that earlier in my testimony before you came in.

I would say that the remedy does not seem to be in money but in trying to get people who are physically capable of carrying these big ships through, and it is good business for the Panama Canal Company to have people who are in complete possession of their capabilities because otherwise it will cost the Government millions of dollars in wrecks.

Mr. BARRY. I heard that part of your testimony. They should have a careful checkup of all these men, and regardless of their condition they should not be pulling ships through the canal if they are not in top physical shape, whether he has 1 year to wait or 5 years to wait for retirement. That again is up to management.

If you can come in and say "We have 30 men here and we have to ask them all to retire because they are unable to continue on, we don't think they are in good shape to do it," you go back to the policy of recruiting American citizens and getting those who had South American runs, those who worked in Louisiana territory—

Mr. TYSON. We do that now.

Mr. BARRY. Getting people in the lake regions, perhaps.

Mr. TYSON. We have even had some who have been over to the Suez. The so-called hazardous occupations option which exists now in the Civil Service Retirement Act is at age 50, whereas this is 55 and 20 years' service. As I said earlier they cannot qualify for this job until they are 35 because of the experience factor.

Mr. BARRY. Again it seems to me that it is such a small group that to ask the Federal Government to amend its Civil Service Retirement Act to take care of such a small group hardly seems a remedy in my opinion. Perhaps we should overcompensate them in another way, or buy a private policy which takes care of them in the way of benefit at an earlier life. Perhaps you can come up with a request for higher compensation.

Mr. TYSON. It certainly needs a remedy.

Mr. BARRY. I don't quarrel with you on that at all.

Mr. TYSON. I think the operation of the canal can be jeopardized by people who have deteriorated physically. They cannot retire under the present retirement act, as I understand it. They have to be incapacitated to a certain extent. If a man's eyesight gets a little bad that is not sufficient.

Mr. BARRY. You are aware the Civil Service Commission itself is opposed to this bill?

Mr. TYSON. Yes, they are opposed to all bills for early retirement as a matter of general policy.

Mr. BARRY. Because once we open it up we become a board of review for all classes of personnel with regard to whether or not there are special conditions regarding their occupation. The moment we have done that this committee would do nothing else but sit on matters concerning whether or not Government personnel would be reaching a retirement age prior to the time when they could really get benefits.

Mr. TYSON. I am fully cognizant of the general policy. We come to you trying to persuade you because we think this has so much merit. This is a most unique situation, and no general principle should be held to bar an act which for humanitarian and other purposes as well as good business demands a solution.

I know the general principle and I know the Civil Service Commission is right down the line against it, and so is the Budget Bureau.

As we tried to say, there is no appreciable cost involved.

Mr. BARRY. It is not a matter of cost but a matter of principle. It is a matter of opening up the Civil Service Retirement Act to amendment for specialized cases.

Mr. TYSON. We think it is necessary here.

Mr. BARRY. The postal carriers have all kinds of hazards because they are exposed in all kinds of weather. We have a lot of personnel in the Federal Government who undergo tremendous physical strain and have a short life because of it. This is not the only one.

Mr. TYSON. That is right, 2,600 are retired for hazardous occupations. We are not asking to come under that.

Mr. BARRY. Mine inspectors in the Bureau of Mines were referred to. I think the witness was referring to the miners themselves.

Now mining companies are required to put up extra compensation, or money in special funds, and these men can draw down on it later in life if they develop silicosis or some other illness.

I would rather see that, buying extra insurance, rather than asking us to amend the Retirement Act. This is a difficult thing for us to consider.

Mr. TYSON. Of course, they would be willing to take higher pay but they are not really asking for this. They want something which they think is required because of their longevity that would enable them to live a few years and not be faced with total disability or death. That is all they are asking.

Mr. BARRY. They could still buy an annuity if they were given the extra pay and they realize they are given this pay because of the hazard of their occupation.

Mr. TYSON. There are possibilities for things of that kind if they had the money but that would not solve the problem for the Panama Canal Company.

Mr. BARRY. Good management will solve their problem. Before hiring these people they should be told what their life expectancy is. I think we owe them that as a duty.

That is all, Mr. Chairman.

Mr. ELLSWORTH. I think I detect a conflict between what you have said in your discussion with Mr. Barry and the statement made by Mr. Lawton in his testimony.

He said an employee is considered disabled for retirement purposes if he is physically or mentally incapable of performing the duties of his own job in a useful and efficient manner.

In contrast to that I thought I heard you say or imply that it doesn't work out that way.

Mr. TYSON. That is correct, I do say that.

Mr. ELLSWORTH. I want to compliment you on your fine statement, and I want to compliment Captain McClean. I want to apologize for not getting here earlier to hear you.

Mr. TYSON. May I give an example of that?

Mr. ELLSWORTH. By all means.

Mr. TYSON. We have three captains—Baverstock, Duncan, and Wentworth—who had gradual eyesight difficulties.

For the first year or two it was hardly noticeable. They were not eligible for retirement. They could not get retirement, but a little slip, because of that slight eye defect, can cost this Government \$300,000 to \$400,000. That is exactly the point we are trying to make.

Mr. ELLSWORTH. I think that is very important, Mr. Chairman.

Mr. OLSEN. Is it your pleasure to have placed in the record this statement of the Canal Zone Pilots Association dated May 7 over the name of John M. Stuart, chairman?

Captain McCLEAN. Yes, sir.

Mr. OLSEN. Without objection we shall place that in the record at this point.

(The statement referred to follows:)

CANAL ZONE PILOTS ASSOCIATION,
May 7, 1962.

FACTS SHOWN FOR 20-YEAR RETIREMENT IN 1957

From 1914, when the Panama Canal first began operating, until the present time there have been a total of 133 pilots separated from the pilot force. Discounting those who left because of resignations, discharges, and reductions in force, there remains 79 career pilots who have been separated from the Panama Canal service. Of this group the following percentages can be shown:

	Percent
31 pilots disabled.....	40
16 pilots died in service.....	20
20 pilots retired, age 62.....	25
10 pilots retired voluntary.....	13
2 appointed administrative positions.....	2

Following is a summary of pilots retired during the period from June 1949 to December 1956: (Above period is chosen because it commences a period of rising traffic to the peak, without round-the-clock service, but to the fullest extent of efficient transit and lockage to produce recordbreaking.)

Pilot	Retired age	Service	Remarks
Forsstrom, A. B.....	61	22	Optional retirement, 60.
Wyle, R. A.....	62	22	Retirement age, 62.
Small, E. B.....	62	26	Do.
Heath, D. S.....	62	20	Do.
Munden, J. S.....	58	26	30 years' service, had back injury.
Smith, G. H.....	60	24	30 years' service, had stomach disorders.
Tawes, G. W.....	58	19	Full disability, accident.
Dear, F. A.....	55	12	Do.
Springthorpe.....	46	14	Do.
Kariger, G. F.....	41	8	Medical disability.
Wilson, C. O.....	47	7	Do.
Ferguson, L. A.....	58	26	Do.
Kolle, G. O.....	58	26	Do.
Reppa, Frank.....	58	20	Do.
Tracy, Keith.....	57	20	Do.
Smithies, G. H.....	56	18	Do.
Meade, George.....	48	14	Do.
Wallace, Alan S.....	50	17	Do.
Makibbin, T. C.....	59	27	Died on vacation (heart).
McLaren, D. M.....	52	24	Died in service.
Redman, M. C.....	44	10	Do.
Wall, William.....	56	20	Do.
Martin, Glen.....	44	10	Voluntary retirement, stomach disorders.
Kuhrt, Walter.....	57	22	Voluntary retirement.
Skeels, Lucien A.....	60	29	Do.
Rowe, Howarth V.....	60	22	Do.

Of the above list only Wyle and Small retired in physical condition normal for age 62. However such a physical condition is not sufficiently good for active piloting in the Panama Canal. Forsstrom and Heath were in poor physical condition and spent the last 3 to 5 years on special light duty or relieving in the harbormaster or assistant port captain offices.

Two retired with 30 years' service because of painful back injury and stomach trouble. Four died while still on active service.

Three were retired on total disability because of falls from gangways or pilot ladders. Nine pilots retired on medical disability caused by general rundown condition. The last four voluntary retirements were taken because the men wished to enjoy reasonably good health before the percentages caught up with them.

A recapitulation of the above statistics

	Years
Maximum period of active service as a pilot.....	29. 0
Minimum period of active service as a pilot.....	7. 0
Average active service as a pilot.....	19. 7
Maximum age of active pilots retiring.....	62. 0
Minimum age of active pilots retiring.....	41. 0
Average age of active pilots retiring.....	54. 7

Piloting and shiphandling, although closely related, are, in general considered as distinct branches of professional marine work. Piloting is the art of guiding ships safely through restricted canals, channels, bays, rivers, and sounds, or along coastal waterways. Shiphandling is the art of docking or undocking, and mooring ships with or without the aid of tugs.

Panama Canal pilots are unique in that they are required to be equally proficient in three respects: (1) channel piloting, (2) docking and (3) lock placement.

Piloting in any form requires full maturity with a long background of years of training and ship experience. It also calls for a person in excellent physical condition, with a cool head, and even temperament, and a deep sense of responsibility.

Summary of Panama Canal pilot separations from 1955 to date

Name	From—to—	Service	Age	Reason
		<i>Years</i>		
Jens Nilsen	1939-59	20	62	Retired.
William C. Hearon	1944-61	17	62	Do.
Peter W. Duncan	1939-60	21	62	Do.
Chas. S. Townshend	1934-59	24	62	Do.
William Calcutt	1936-59	23	58	Voluntary retirement; deceased June 11, 1960.
William Wall	1936-56	20	56	Deceased Apr. 18, 1956.
Albert Twewilliger	1939-58	19	57	Voluntary retirement; deceased Mar. 13, 1958.
V. K. Jacobs	1944-59	15	51	Disability; deceased 1960.
Hector Grant	1939-58	19	53	Resigned; deceased 1959.
Leo Donohue	1953-60	7	43	Deceased 1960.
Julius Dietz	1950-57	7	38	Disability.
Harold T. Longmore	1937-60	23	61	Disability; deceased 1961.
Roy Fort	1939-57	18	61	Disability.
Howard Wentworth	1945-60	15	55	Do.
Clinton Baverstock	1934-59	25	58	Do.
Harry S. Bach	1935-58	23	58	Do.
Allan S. Wallace	1939-56	17	51	Do.
Henry S. Ferri	1939-57	21	60	Voluntary retirement.
H. V. Rowe	1934-56	22	60	Do.
Lucien Skeels	1934-56	22	60	Do.
Walter Kuhrt	1934-56	22	57	Do.
Henry S. Falk	1926-57	31	58	Do.
Jack Hearn	1936-58	22	55	Do.
William Reid	1935-58	23	60	Do.
Frank Russell	1944-61	17	61	Disability; deceased 1962.
Frank J. Harrington	1935-61	26	62	Retired.
Robert G. Rennie	1939-61	22	62	Do.
Hugh Maloney	1945-62	17	62	Do.
George Hudgins	1936-62	26	57	30 years' service.
Webster Farrell	1939-62	23	59	Resignation.

Out of the 29 separations, only 7 or 24 percent reached retirement age. An average service of 21 years was given the company.

Average separation age including those that reached full age 62 is 56.6 years.

Average age of disability (excluding the younger men that died or were disabled before 15 years of service as pilot) is 56.4 years.

Percentage of separations due to death of disability 41.7 percent; 50 percent separations due to death or disability excluding those that reached age 62.

Of the seven aged 62 retirees, four were out of the canal toward the last or otherwise suffering. One pilot was restricted in length because of the anxiety caused by the stress and strain of the work.

The number of Panama Canal pilots that have been able to take advantage of the full retirement benefits at age 62 have been 27 of a total of 158 pilots of a career category, from 1914 to the present date. The percentage of full retirements is 17 percent while there were 83 percent separated before they reached the full retirement age.

The general opinion of the voluntary retirees at reduced annuity was to quit while their health lasted, being aware of the devastating effect of their work on their health, after 55. Even then, two of the nine voluntary retirees died within 1 year of leaving. Capt. Webster G. Farrell, the senior pilot, is resigning after 23 years' service and age 59. He will not receive retirement benefits for 3 years or until he reaches age 62. He is not eligible for disability, but feels that he cannot possibly keep the pace of night work and being assigned all the large unwieldy vessels as senior pilot, and maintain his present good health.

The Panama Canal Company has only enjoyed the services of its pilots through the last 7 years for an average of 20.9 years; only 0.9 year more than the requested retirement plan.

JOHN M. STUART,
Chairman, 20 years' Retirement Committee.

Mr. OLSEN. We also have a statement of the Canal Zone Pilots Association listing 16-year projection of the canal pilots eligibility for retirement.

Do you want that placed in the record?

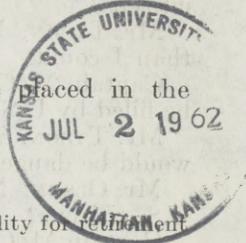
Captain McCLEAN. Yes, sir.

Mr. OLSEN. Without objection, that also will be placed in the record at this point.

The information referred to follows:)

CANAL ZONE PILOTS ASSOCIATION

The following is a 16-year projection of Canal Pilots' eligibility for retirement under H.R. 3557 from 1962 to 1977 inclusive.



Year	Number eligible	Name of pilots
1962	7	Farrell, Hudson, H. R. Johnson, S. E. Johnson, Thompson, Allan, Cetti.
1963	0	
1964	4	Didrickson, Hearn, Connard, J. T. Barrett.
1965	1	Hay.
1966	2	Sergeant, Torstenson.
1967	1	Roscoe.
1968	1	Peterson.
1969	3	Weade, Clute, McGilberry.
1970	3	Buehler, Hart, Houston.
1971	1	Spinney.
1972	4	Bradshaw, Saunders, A. T. Wilder, A. L. Wilder.
1973	13	Hill, Schwartzman, Evans, Smith, McAlister, Stuart, Makibbin, Stohrer, Logan, McLean, Schoenleber, Hutchinson, J. P. Johnson.
1974	6	Fritts, Poore, Kerley, Lewis, Erixon, R. H. Taylor.
1975	5	Rice, Johnstone, Bivin, Clayton, Campbell.
1976	0	
1977	4	Bolton, Swain, Mason, Carlson.
Total	55	

NOTE.—55 pilots become eligible over a 16-year period. This period appears to effectively include periods of both high and low eligibility. Assuming that all 55 elect to retire, the average would be 3.4 per year.

Mr. OLSEN. Mr. Runnestrand, out of what funds are these pilots paid?

Mr. RUNNESTRAND. Panama Canal Company revenue.

Mr. OLSEN. Not out of Government assets?

Mr. RUNNESTRAND. No, sir. The Panama Canal is self-sustaining.

Mr. OLSEN. Do you contribute to the Federal retirement fund?

Mr. RUNNESTRAND. Yes, sir, just as any other Federal agency, we are subject to it.

Mr. OLSEN. And the pilots contribute to it?

Mr. RUNNESTRAND. Yes, sir.

Mr. OLSEN. Captain, what is the salary of a senior pilot, \$15,000?

Captain McCLEAN. \$15,800.

Mr. TYSON. That is after 9½ years.

Mr. RUNNESTRAND. \$15,856.

Mr. BARRY. Do you get fringe allowances?

Mr. TYSON. They are getting a night differential now which was recently started.

Captain McCLEAN. Started 2 months ago.

Mr. TYSON. And they get certain holiday compensation. In addition they get some leave, as do all other Government employees.

Mr. OLSEN. Sick leave and annual—

Mr. TYSON. It varies a little bit from that received by employees in the United States. They are required to come back to the States after they have been down there 2 years. They are required to come back for their vacation.

Mr. BARRY. Is there any special reason they must be American citizens?

Mr. TYSON. Mr. Runnestrand could perhaps answer that better than I could. I assume it is for security reasons.

Captain McCLEAN. It is a sensitive security position which must be filled by U.S. citizens.

Mr. TYSON. They are carrying Russian ships through there and it would be dangerous to have anybody but an American doing that.

Mr. OLSEN. No other nationals are permitted. They must be U.S. citizens?

Captain McCLEAN. That is right.

Mr. OLSEN. How much is the retirement compensation upon retirement at 62?

Captain McCLEAN. Full retirement?

Mr. OLSEN. Yes.

Captain McCLEAN. In dollars and cents it would amount to approximately 60 percent of the man's annual salary based on 30 years at age 62 and his top 5 years of pay.

Mr. OLSEN. About \$9,000 a year?

Captain McCLEAN. It would not run quite that high. It would run somewhere in the neighborhood of \$8,000. It is a regular civil service formula.

Mr. OLSEN. Mr. Ruddock?

Mr. RUDDOCK. At age 62 with 30 years' service the annuity would be 56.25 percent of the average salary for a 5-year period.

Mr. OLSEN. Would you supply that figure for the record at this point?

Mr. RUDDOCK. Shall I assume an average salary of \$15,856?

Mr. OLSEN. Yes. We are asking the maximum, you see.

Then tell us, if you can, what would be the retirement on disability, the maximum retirement upon disability after 15 years' service.

Mr. RUDDOCK. At what age?

Mr. OLSEN. Fifty years.

Mr. RUDDOCK. That would be 40 percent of the 5-year average salary.

Mr. OLSEN. Give me the maximum that it could be there.

I am sure it is in the record because we put the instrument in, but I want it from your memory if you can give it and to emphasize it.

Do you have a figure which would reflect the life expectancy of the retirees of the Panama Canal Pilots Association? What is the experience of retirees, the age experience of the retirees of the pilots association?

Captain McCLEAN. Provided the man has gone on full retirement at age 62?

Mr. OLSEN. Yes.

Captain McCLEAN. Roughly 4 years. It runs to about 66 provided he has gone out at age 62 in good health. The projection is that he will live an additional 4 years.

Mr. OLSEN. That is the experience?

Captain McCLEAN. That is the experience.

Mr. OLSEN. You are giving me the average?

Captain McCLEAN. That is right.

Mr. OLSEN. There must have been some maximum. Do you know what that is?

Captain McCLEAN. I read somewhere in the paper once that one gentleman lived to be in his eighties. He was one of the original pilots of the Panama Canal Company when it opened in 1914. However, that is the exception and not the rule.

Mr. OLSEN. I understand. Otherwise you could not have had this average of only 4 years.

Captain McCLEAN. For the pilot to retire under disability compensation the projection is an additional 4 years again. In other words, if he goes at 56.4 he might receive a life expectancy of just 60 years.

Mr. OLSEN. What you want then is to retire 5 years earlier?

Captain McCLEAN. We want to retire at age 55 so we can live an additional 5 years.

Mr. OLSEN. You think that gives you 5 years more of life. Your average then will be at least 9 years' experience instead of 4?

Captain McCLEAN. Yes, sir.

Mr. OLSEN. And you cannot buy that with any private company with the Government, or any place, can you?

Captain McCLEAN. No, sir; those things are not for sale.

Mr. OLSEN. The only alternative to that is to try and be retired on disability.

Captain McCLEAN. That is the only alternative; yes, sir. We feel that is second best to having to retire on physical disability.

Mr. OLSEN. Mr. Ruddock, is there any figure that you people have reflecting the life experience of general Federal retirees, the average life experience?

Mr. RUDDOCK. Yes, sir; for retirement at age 62. That life expectancy would be somewhere in the neighborhood of 14 years.

Mr. OLSEN. Is it anything different for letter carriers and regular Federal employees?

Mr. RUDDOCK. To the best of my knowledge we have never attempted to run life expectancy separately on each classification of Federal employees, so I don't know whether there is any difference with respect to letter carriers and any other occupation.

Mr. OLSEN. Do you have to the law enforcement people who are already in the special class of early retirees?

Mr. RUDDOCK. No, sir. When we make our evaluations we make them across the board.

Mr. OLSEN. It would be an easy thing to obtain from your records, would it not, something regarding the experience of these early retirees under the exception of the present act?

Mr. RUDDOCK. There is not enough experience on the law-enforcement officers to develop a life expectancy. They have been retiring under that provision only since about 1949. To the extent you look at the experience at this point you would be looking only at those who have died. You would have no way of calculating the remaining life expectancy of those still on the rolls as being different from any other group.

Mr. OLSEN. If they were different from any other group, however, you could depict it, could you not?

Mr. RUDDOCK. I am not enough of an actuary to be able to answer that, sir.

Mr. OLSEN. Have you any reason to question the figure which has been given us that the life expectancy of the pilot is only 4 years after retirement at age 62?

Mr. RUDDOCK. I have no basis for either affirming or disputing that.

Mr. OLSEN. That is part of the record you handed me?

Captain McCLEAN. We have the names, the names of the widows, and we keep in touch with the families.

Mr. OLSEN. So it is part of the record that this average life experience is 4 years after retirement at age 62?

Captain McCLEAN. The percentages are not written here. I figured the percentages out. When this was recapitulated and the stencil was cut it was not included. We are using this from our own mortality statistics.

Mr. OLSEN. The record you have handed in will support that figure?

Captain McCLEAN. Yes, sir.

Mr. OLSEN. I have no further questions.

Any other questions?

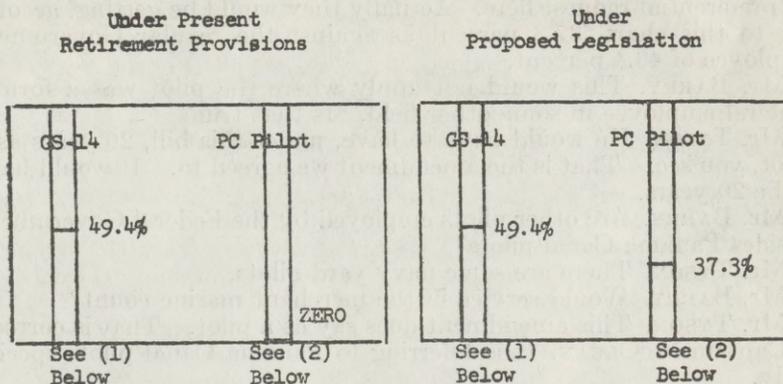
Mr. TYSON. Before you adjourn, might I call the attention of the committee to a chart which is in the hearings I referred to earlier? This is listed for 1957 and the same thing is true there. It is quite interesting as to what this involves.

Mr. OLSEN. So it is in the record, you are citing page 182 of the hearings of the House Post Office and Civil Service Committee of the 85th Congress. You refer to chart A.

Without objection, that chart will be inserted at this point in the record.

(The chart referred to follows:)

CHART A.—COMPARISON—ANNUITIES REFLECTED IN PERCENTAGE OF BEST 5-YEAR-AVERAGE SALARIES



- (1) GS-14 employee, 30 years service at age 55, minus deductions, would receive immediate annuity to 49.4 percent of \$13,706, his best 5-year-average salary.
- (2) Panama Canal pilot, enters service at age 36, has only 19 years service at age 55, therefore not eligible for immediate annuity.
- (3) Under proposed legislation: Pilot enters service at age 36, has 20 years' service at age 56, less deductions, would receive immediate annuity amounting to 37.3 percent of \$13,496, his best 5-year-average salary.

Mr. OLSEN. Do you want to explain this orally to the members?

Mr. TYSON. I shall try. This chart, Mr. Chairman, was drawn up in 1957 at the hearings before this same committee. It is a comparison between the annuities reflected in percentages on the basis of the best 5-year average salaries of a GS-14 civil service employee and a Panama Canal pilot.

A GS-14 civil service employee was chosen because of the comparability of compensation.

The chart shows that under the present retirement provisions a GS-14 with 30 years of service at age 55, minus deductions, would receive an immediate annuity of 49.4 percent of his salary, his best 5-year average salary. That is the first part of the chart.

It shows a Panama Canal pilot would receive zero under those same circumstances.

This is because the Panama Canal pilot enters service at age 36 and has only 19 years at age 55. Therefore he is not eligible for immediate annuity.

The second part of the chart shows what would happen under proposed legislation. Under the proposed legislation the pilot enters service at age 36, has 20 years' service, and at age 56, less deductions, would receive an immediate annuity amounting to 37.3 percent whereas the GS-14, even if this legislation were passed, would be eligible with 49.4 percent. We think that chart shows we are really not asking for too much because these people never have the opportunity to come in at the low age that a regular GS-14 employee would. They have to be 35 before they come in and therefore they would not, under the present act, receive the benefits that a regular Government employee would.

However, if this bill were passed they still would not get any preference, and this is in reference to Mr. Lawton's testimony, there is no preferential request here. Actually they would be getting, according to this chart, 37.3 percent as against the regular Government employee of 49.4 percent.

Mr. BARRY. This would not apply where the pilot was a former Federal employee in some other field. Is that true?

Mr. TYSON. He would have to have, under this bill, 20 years as a pilot, you see. That is the amendment we agreed to. It would have to be 20 years.

Mr. BARRY. Are other pilots employed by the Federal Government besides Panama Canal pilots?

Mr. TYSON. There are some navy yard pilots.

Mr. BARRY. Would service in the merchant marine count?

Mr. TYSON. This amendment does say as a pilot. That is correct.

Captain McCLEAN. It is referring to Panama Canal pilots specifically.

Mr. BARRY. Earlier you mentioned you had no objection to 15 years.

Mr. TYSON. We have none to 20. It is 15 in here now.

Mr. BARRY. You have no objection to changing the word "fifteen" to "twenty" in line 8?

Mr. TYSON. That is correct.

Mr. BARRY. If he came in as a pilot at 35, he would retire at 55.

Mr. TYSON. Instead of 50, that is correct, even if he had more Government service.

Mr. BARRY. But if he had had prior Government service, he would not be clocked out of zero here, would he?

Mr. TYSON. He would under the chart, unless he had 30 years.

Mr. BARRY. If he began at 25.

Mr. TYSON. He could have 30 years, then, in a Federal job.

Mr. BARRY. There is no Federal job that you know of which actually feeds in to pilots.

Mr. TYSON. No, sir. The experience has to be at sea, as I understand it.

Captain McCLEAN. To continue, Mr. Barry, there is one feeder to the canal service, and that is the Military Sea Transportation Service of possibly 90 American steamship companies. There is one Government agency, and that is the Military Sea Transportation Service. They leave their positions as civil service employees and come in under our agency in the Panama Canal Company, but their prior service is considered. That is just the one.

Mr. BARRY. What percentage of your pilots have had prior Federal service?

Captain McCLEAN. From this company, I would—

Mr. TYSON. He said any Federal service.

Captain McCLEAN. You mean service in the Navy, perhaps?

Mr. BARRY. Whatever retirement would accrue. If you do not know, that is all right.

Captain McCLEAN. I would guess about 10 percent. I am referring to us who served in the Navy during the war. That time, of course, is accruable, and from the Military Sea Transportation Service. It would not be more than 10 percent of the total pilot force.

I might add, too, that the outside, as we refer to it, the outside merchant marine industry has a pension plan through the Masters, Mates, and Pilots Association. We lose that when we come into the canal service.

Mr. BARRY. You lose it?

Captain McCLEAN. Yes, sir. There is no provision in the constitution of this union which provides us with any type pension under those circumstances. Once we leave the industry, it is gone; it is lost. There is no way to recover it.

That is paid for, in fact, by the steamship companies which participate as patrons in the retirement plan. Of course, we sever our relationship with the steamship company to go into the Federal service.

Mr. BARRY. In the mining industry, if you work in a mine you pay into a fund. Later on you have a right, should you develop a disease, to go back and get a certain benefit from the disease, which you may or may not have contracted when you were there. It is generally not known in what mine the miner would pick up the disease, but it is generally thought that the breathing of the rock dust ultimately leads to the disease that he gets. Maybe that is another target to shoot at, to get the steamship companies to take some cognizance of the lifespan of a merchant seaman in his occupation.

Captain McCLEAN. Their participation in this masters, mates, and pilots pension fund has been in effect only since 1955, I might add. It was brought about, of course, by a general strike of the industry against the steamship companies. It actually has no bearing on our situation. If we compiled the figures, the merchant marine as an industry versus ours, I am sure percentagewise it would not compare.

Mr. BARRY. They do not necessarily have heat, humidity, tension, and things like that.

Mr. TYSON. There is one further point which we would like to make, Mr. Chairman. We have great respect for the Governor of the Panama Canal and the President of the Panama Canal Company. We think if he were free to do so, he would favor this bill, but we think because of the way documents are transmitted to this Congress—I am giving you what we think—with the change to 20 years for the pilots, we have the impression that the Agency itself would not look with disfavor on this legislation. Of course, that does not take into account the official position expounded here today, which is governed by the Bureau of the Budget.

Mr. BARRY. You said "Agency." Would you spell out "Agency"?

Mr. TYSON. The Panama Canal Company. At least, that is our view. I predicate my statement on certain conversations which have taken place with Captain McClean, the president of the association. We are aware of the restrictions under which agencies testify when they come up here. They are controlled by the official overall policy. Therefore, we are aware of the statement made by Mr. Runnestrand, but it is our thought that that is the situation.

Mr. OLSEN. Thank you, Mr. Tyson and Captain McClean.

That concludes the hearing. If it is the committee's pleasure, we can go into executive session.

Mr. BARRY. I should like to request that we might ask the head of the agency to send us a letter with their recommendations.

Mr. OLSEN. The agency has one letter in here, but not on the subject of 20 years.

Mr. BARRY. I would not let that be the criterion.

Mr. OLSEN. There is a letter included in the record at the beginning of Mr. Runnestrand's testimony. Is that sufficient, Mr. Barry?

Mr. BARRY. As far as I am concerned; yes.

Mr. OLSEN. Thank you, gentlemen.

(Whereupon, the subcommittee adjourned at 11:40 a.m.)





