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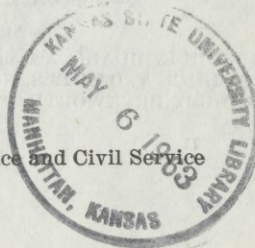
HEARING
BEFORE THE
COMMITTEE ON
OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
EIGHTY-EIGHTH CONGRESS
FIRST SESSION
ON

H.R. 2030

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

APRIL 2, 1963

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



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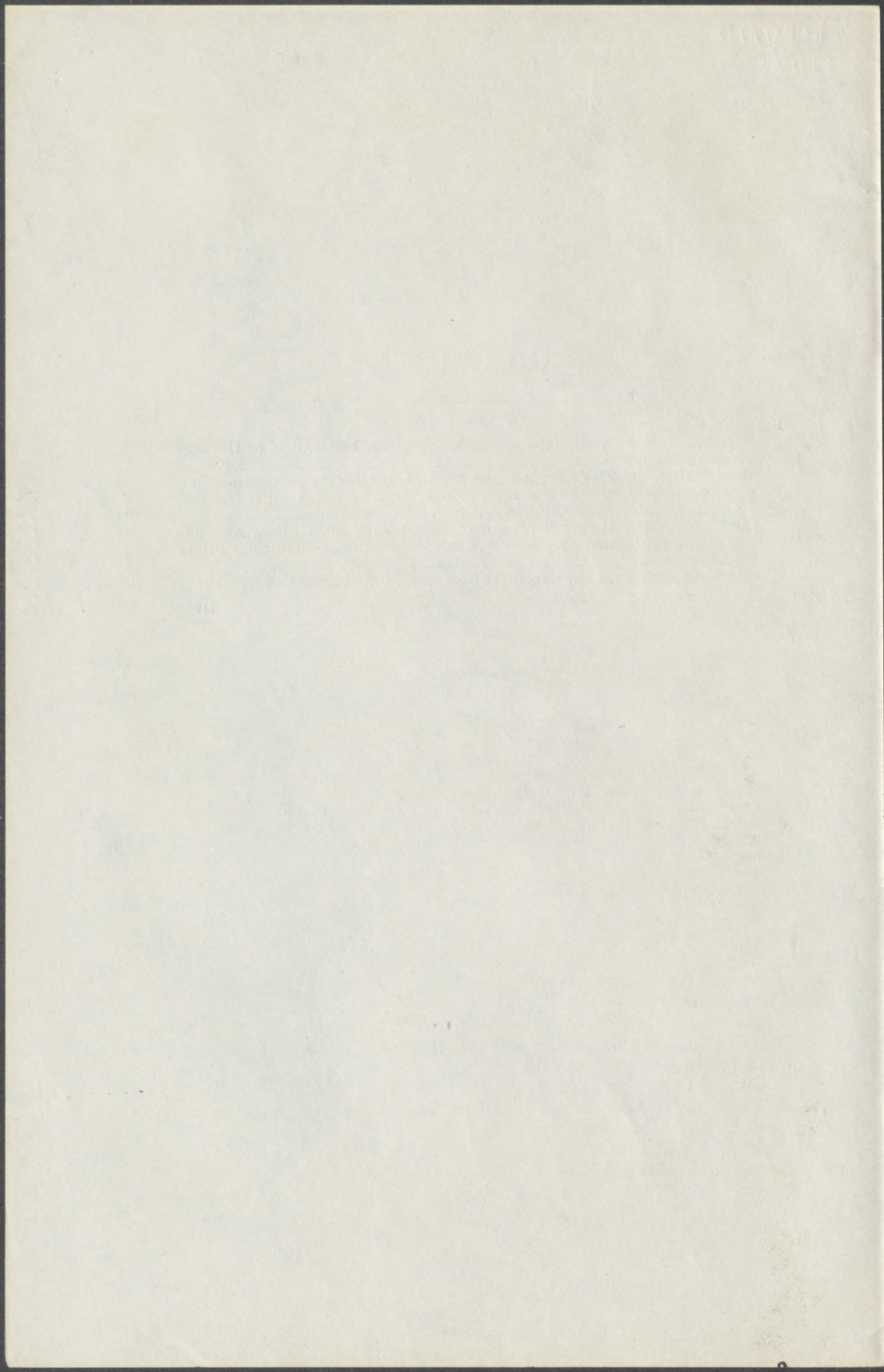
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ANNUITIES OF PANAMA CANAL SHIP PILOTS

TUESDAY, APRIL 2, 1963

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

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

Mr. OLSEN. The subcommittee will come to order.

This subcommittee, composed of Congressmen Udall, Daniels, Beckworth, Gross, Johansen, Barry, and myself as chairman, has under consideration H.R. 2030, 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. 2030 follows:)

[H.R. 2030, 88th 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. 2030 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.

During the second session of the 87th Congress, a subcommittee of this committee of which I had the honor to be chairman considered H.R. 3557 which is identical to H.R. 2030.

After extensive hearings—copies of which are on the members desks—the subcommittee last year approved the bill and reported it favorably to the full committee with amendments which provided

that the entire 20 years of service must be rendered as a ship pilot in order to qualify for the 2-percent retirement benefits at 55 years of age, and that the retirement benefits provided in the bill will be paid from the civil service retirement and disability fund.

We are pleased this morning to have as witnesses Hon. John Macy, Chairman of the Civil Service Commission and Mr. Andrew Ruddock, Chief of the Bureau of Retirement and Insurance, Civil Service Commission. Then I will call nine other witnesses as their names appear on the list.

Mr. Chairman of the Commission, Mr. Macy, and Mr. Ruddock, you may proceed.

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, U.S. CIVIL SERVICE COMMISSION, ACCOMPANIED BY ANDREW RUDDOCK, DIRECTOR, BUREAU OF RETIREMENT AND INSURANCE, U.S. CIVIL SERVICE COMMISSION

Mr. MACY. Mr. Chairman, and members of the subcommittee.

I appreciate the opportunity to appear before you to give testimony on H.R. 2030. I would be happy to either read my statement or put it in the record and summarize it for you, whichever is your preference, Mr. Chairman.

Mr. OLSEN. Without objection, your statement will be made a part of the record at this point, and you may summarize.

(The statement follows:)

PREPARED STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, U.S. CIVIL SERVICE COMMISSION

Mr. Chairman and members of the subcommittee, I am very glad to have this opportunity to appear before you and to present the Commission's views on H.R. 2030. The Commission's report on this bill is contained in a letter dated March 18, 1963, to the chairman of the full committee. With your permission, Mr. Chairman, I suggest that report be made a part of the record of this hearing.

H.R. 2030 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 hazards 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 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 objection in principle to legislative proposals like H.R. 2030 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 conditions incident to service as a Canal Zone pilot, other groups do have conditions, 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 who 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. 2030 is not for this reason. We understand that the total number of pilots never exceeds 100 at any given time. The group is so small that the bill would not noticeably affect 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 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. MACY. Yes, sir. Thank you.

H.R. 2030 is a bill proposing to amend the Civil Service Retirement Act to provide certain special preferential benefits for approximately 130 Panama Canal ship pilots. These preferential benefits would permit an immediate full annuity for these pilots when they reach the age of 55, with 20 years of service, if 15 of those years are as pilots, and to have the annuity computed through use of the special formula of 2 percent of average salary for each year of service.

The Commission is opposed to this legislation, as it was at the time Commissioner Lawton testified on the predecessor bill on May 29 last. Our opposition is on the general ground of opposing provisions for preferential treatment of special groups of Federal employees under the Retirement Act.

Mr. OLSEN. Mr. Macy, at that point, would it make any difference to your Commission if the requirement was 20 years service as a Panama Canal pilot at 55?

Mr. MACY. No, sir, the same opposition would apply because it still would constitute a special and preferential treatment for one occupational group. At the present time there are some 20,000 to 30,000 Federal employees in the executive branch who do have preferential retirement treatment. Those are the men and women engaged in law enforcement, criminal statutes, and day-to-day relationship with prisoners of the Federal Government. The Commission at the time that exception was recommended also opposed it on the same grounds, and our position has been that the Retirement Act should not be the means for providing additional deferred compensation for those who are engaged in work of particular hazard or difficulty; that, instead, such conditions should become part of the compensation system and those employees given appropriate extra compensation if there

is a demonstration that their work does involve certain hazards or strains.

Our opposition in no way is an adverse reflection upon the skill or commitment of the men who perform this vital work of guiding the ships through the Panama Canal. It is rather a belief that the Retirement Act is not the means for appropriately compensating them for the work that they perform.

In the testimony last year, quite a point was made of the physical strain and resulting disability in the case of many of these pilots. In that connection, I would like to point out the Retirement Act does include disability provisions that make it possible for an employee to retire on disability with as little as 5 years' service, and that the annuity he receives is the smaller of either 40 percent of his average salary or an annuity based on service projected to age 60.

It is our belief that these provisions provide an opportunity for the individual to retire if there is a disability that makes it impossible for him to perform his particular assignment with efficiency and effectiveness.

For those reasons, Mr. Chairman, the Commission persists in its opposition to this legislation as presented in H.R. 2030.

Mr. Ruddock and I will be happy to answer any questions you have with respect to the Commission's position or on any other features relating to the retirement situation.

Mr. OLSEN. Could you or Mr. Ruddock detail the costs involved in retirement in this bill at 15 years at 55, and also costs involved 20 years' service and retirement at age 55?

Mr. MACY. Let me say, Mr. Chairman, that the cost factor in this legislation is not a basis for our opposition. The increased cost would be very nominal. I believe Commissioner Lawton testified last year at your hearing that in the case of the 55-year retirement, under these provisions, the increased cost would be roughly the equivalent of 2 years' salary.

Is that not correct, Mr. Ruddock?

Mr. RUDDOCK. Yes, sir.

Mr. MACY. That the salary of a Panama Canal pilot at the present time, under their pay system, is at the top of the range where 54 of them are presently located, roughly \$17,000. So the cost per man of this retirement provision would be about \$34,000.

Now if it were extended to 20 years, the 20 years' service as a pilot, I don't believe the costs would be any different.

Mr. RUDDOCK. Distinguishing the two bills, whether you require all 20 years as a pilot or only 15 years as a pilot, 20 years of service would produce the same annuity, so the effect of requiring 20 years of pilot service probably would be to cut down the number of people eligible to retire just the minute they reach age 55. But it wouldn't change the cost per individual.

Mr. MACY. I think the testimony last year showed that most of the pilots had been pilots for their total Federal careers, so that the other 5 years of service didn't ordinarily enter into it.

Mr. OLSEN. While it shows the average age of entering as a pilot at 36, that the average will be 19 years' service at 55. But—

Mr. RUDDOCK. I am not totally familiar with all of these figures, but I believe the entry age has come down.

Mr. MACY. I believe it has come down during the past year, Mr. Chairman, because you will recall that last year the testimony offered showed that there were approximately 100 pilots, and I believe there has been an addition of some 30 pilots in the intervening 10 or 11 months, and that they have come in at a lower age level, which has tended to reduce the average age and also to reduce the average entry age.

Mr. Chairman, in order to make the record complete, may I refer also to the official report of the Civil Service Commission dated March 18, 1963, on this bill. You may wish to incorporate that in the record as well.

Mr. OLSEN. Without objection, it is so ordered that it be entered in the record at this point.

(The report referred to follows:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., March 18, 1963.

HON. TOM MURRAY,

Chairman, Committee on Post Office and Civil Service, House of Representatives.

DEAR MR. CHAIRMAN: This refers further to your letter of January 30, 1963, requesting Commission report on H.R. 2030, a bill "To amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots."

H.R. 2030 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. 400 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. 2030.

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 administrations' program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

(S) JOHN W. MACY, Jr.,
Chairman.

Mr. OLSEN. You say \$34,000 per pilot as the cost of either bill?

Mr. MACY. This would be the additional cost per individual. The difference in cost is between the application of the existing retirement standards and the more liberalized standard.

Mr. OLSEN. You arrive at that because of some life expectancy or some life experience that has been the experience with Panama ship canal pilots?

Mr. RUDDOCK. No, sir. This is making a calculation based on life expectancies as they have been developed under the whole experience of the Civil Service Retirement Act.

You may remember last year we indicated that we do not develop life expectancies with respect to different occupational groups.

Mr. OLSEN. But referring again to last year's hearings, do you challenge the life experience figures that were developed by the Panama Canal ship pilots at the hearings?

Mr. RUDDOCK. No, sir. As we testified last year, we have no basis either to affirm or deny the accuracy of those figures. I assume they are accurate.

Mr. OLSEN. Do you have any questions, Mr. Gross?

Mr. GROSS. Yes.

Mr. Macy, your opposition to this bill is on the basis of the precedent that it would set?

Mr. MACY. That is correct.

Mr. GROSS. Please amplify briefly.

Mr. MACY. It is my belief that if the Congress were to approve this special treatment for this group, there are many other groups that would come forward and press for similar consideration.

Mr. GROSS. What would we do with the other employees in the Canal Zone if we were to enact this kind of legislation? They would be justified in asking for the same legislation; would they not?

Mr. MACY. I am not familiar with all of the occupational groups and their working conditions there, but it would seem to me that

there would be other groups in the zone that might very well cite this precedent in claiming similar treatment for themselves.

Mr. GROSS. As well as other groups in other areas that have similar climates and so on and so forth, similar conditions, in Central America. I would know of no reason why this would not spread out over a pretty substantial number of employees throughout the Federal Government stationed in Central American and South American countries.

Mr. MACY. I would agree, if this precedent were taken, it would be very difficult for us to advise you as to where you could draw the line when other groups make a similar case.

Mr. GROSS. We are getting pretty deeply into the Congo and Africa where there are similar—and, I assume even worse—working conditions than there are in the Panama Canal as to climate.

Mr. MACY. The U.S. employment now is extended around the world and we have American employees engaged in work in very difficult climate conditions.

Mr. GROSS. Is there any medical information or knowledge available to the Civil Service Commission with respect to the health conditions in the Panama Canal Zone as it relates to temperature and so on and so forth? Do you know of any?

Mr. MACY. Well, we have information about the general working conditions there——

Mr. GROSS. Bearing directly upon this issue?

Mr. MACY. We are not aware of any conditions with respect to these particular jobs that cannot be adequately taken care of in the compensation scale, and it is our position that if there are special strains and special hazards involved in a job, this should be reflected in the rate of pay and should not be reflected in preferential treatment under the Retirement Act.

I think it is important to recognize that any provision in compensation will ultimately be reflected in the Retirement Act because the retirement formula is based upon rates of pay and years of service.

Mr. GROSS. That is right.

Mr. MACY. We feel that this is the more appropriate way to deal with hazard, if it exists, than through a change in the Retirement Act formula.

Mr. GROSS. I agree with your last statement.

That is all, Mr. Chairman.

Mr. JOHANSEN. Mr. Chairman.

Mr. OLSEN. Mr. Udall?

Mr. UDALL. I would defer to my friend from Michigan, if he is ready.

Mr. JOHANSEN. I don't want to get ahead of my good friend from Arizona; but let me see, Mr. Chairman, if I understand this.

At the present time the only preferential arrangements with respect to retirement and retirement benefits relates to law enforcement officials; is that correct?

Mr. MACY. That is correct.

Mr. JOHANSEN. What about firemen?

Mr. MACY. Firefighters are under the same provisions as the rest of the Federal employees. There has been, from time to time, a request similar to this one for firefighters; as there have been for other groups. I believe at one time a certain group of postal employees,

who were involved in certain hazardous work, applied for this kind of special consideration. So that from time to time this has been viewed by some groups as a way of providing increased compensation on a deferred basis, through retirement, for exposure to hazard and adverse conditions.

Mr. JOHANSEN. And the position of the Commission and the Chairman is that, if this factor of additional hazard is to be recognized, it ought to be recognized through regular compensation during the period of employment rather than in a deferred compensation under the guise of retirement?

Mr. MACY. That is exactly correct, sir. That is our position.

Mr. JOHANSEN. Would it be your feeling that those other groups, which have attempted to secure this approach, such as the firemen, would come in here with a pretty strong argument in terms of precedent if this were enacted?

Mr. MACY. That would be my view.

Mr. JOHANSEN. One final question: Are you able to say to what extent in the present compensation scale, which seems to me fairly modest, the factors of hazard or other factors peculiar to this occupation, are they not already recognized in that wage scale?

Mr. MACY. The representative of the Panama Canal Company can respond to that in more authoritative fashion, but it is my understanding that the rates of pay have been developed based upon those rates prevalent in the maritime industry where hazard is reflected in the compensation.

Mr. OLSEN. Mr. Udall?

Mr. UDALL. In that connection, I don't suppose you will be able to help me, and I will perhaps reserve it for the following witnesses. The comparison of New York harbor pilots' compensation, one who perhaps might have similar duties, bringing in the *Queen Mary* and things of this sort, would the pay of these Panama Canal pilots—because I was interested in the same question that Mr. Johansen raised; that is, you have repeatedly said, commenting on these bills, that hazardous-duty compensation should be reflected in the pay rather than in the retirement benefits. I am interested to see, as Mr. Johansen, whether this has actually been done in this case.

Let me go into a couple of other items, if I can, Mr. Macy.

To summarize, you have indicated in your statement, I think, that there is no particular element of additional cost to the Government if this bill were passed, as far as you can determine?

Mr. MACY. That is correct. We do not oppose it on the grounds of costs. Frequently we take that position on liberalization, but the amounts involved here are not significant.

Mr. UDALL. It is a question of precedent and it might lead us into something later that would be costly?

Mr. MACY. That is correct.

Mr. UDALL. These pilots have given me, privately, and I am sure the other members of the committee, a copy of the statement they will make here today, or a letter to Chairman Murray, and in there they indicate that in order to qualify most of them have to put in about 15 years in maritime work, as first officer or captain of a merchant vessel; things of this sort. During these years, they make contributions to the social security fund. They indicate that

it is age 35 before most of them actually can qualify for work in the Panama Canal Zone. They indicate further that the average pilot, based on their statistics, for the last 14 years, have retired, or died, or left the service at an average age of 56 years, with almost 20 years of service as a pilot.

Let's take a man who has put in 15 years in maritime work, made contributions to social security—he goes to the Panama Canal, he works 19 years down there as a Canal pilot, and he dies. Does his wife get any benefits, either from social security or from the Government retirement system in this particular case?

Mr. MACY. He would have achieved coverage under social security because he would have worked the necessary number of quarters. So his widow would be eligible for the regular social security death benefits. Under civil service he would be—let's see. He would have had 19 years' service.

What would his situation be on that, Mr. Ruddock?

Mr. RUDDOCK. His earned annuity after 19 years' service would be 34.25 percent of his average salary for a 5-year period. His widow would receive, in a survivor annuity, 50 percent of his earned annuity; and each surviving child, under the age of 18, or between 18 and 21 and in full-time attendance at school, would receive \$600 a year.

I beg your pardon. The widow would receive 55 percent of his earned annuity by virtue of an amendment of last October.

Mr. UDALL. Let me follow this a little further. Let's take one of their hardship cases: the man who works 15 years to qualify for this job. Then he only works 10 years before he dies, or perhaps is disabled. He is now 45 years of age. He has worked 15 years in maritime industry. He has worked 10 years as a pilot, and he is disabled in service. If he dies, would his wife be entitled to any benefits under social security or under the Federal retirement system?

Mr. MACY. The social security system would remain the same. Under civil service disability, he would receive 40 percent of his salary or the annuity that he would receive at 60, whichever is the smaller.

Mr. JOHANSEN. What about the widow?

Mr. MACY. On the widow, the same thing would apply that Mr. Ruddock indicated, except the amount would be less because of less service. And we would compute the service based upon $1\frac{1}{2}$ percent the first 5 years, $1\frac{3}{4}$ percent the second 5 years, and then 2 percent for the years beyond that in computing the annuity. And then his widow would receive 55 percent of the resulting annuity.

Mr. JOHANSEN. Effective at what age would the widow be eligible?

Mr. RUDDOCK. Her annuity would begin the day after his death and continue for the remainder of her life, unless she remarried.

Mr. UDALL. One further question along the same line. Take a man with 15 years' service—maritime—10 years in the Canal Zone. Then he dies. Is there any situation under which his widow would not get back at least the amount of his contributions to the Federal retirement system?

Mr. MACY. Let me pass that one to the expert here.

Mr. RUDDOCK. There is no such condition. In fact, that can't happen with any Federal employee, because the act contains a guarantee that either the employee or his survivors will get back every penny he paid into the fund.

Mr. GROSS. Plus interest.

Mr. RUDDOCK. If he has more than 5 years' service; there is no interest after 1956.

Mr. UDALL. Mr. Chairman, these are the questions that I had.

Mr. OLSEN. No more questions?

Mr. JOHANSEN. Let me just see if I can phrase the question this way—and I think Mr. Udall's questions have probably brought the answers—but, if I construe the argument in the case that is advanced in support of this in excessively simple terms, it is that, for some reason—whether the tensions of the job, the climate, or the combination, or happenstance—as it now stands the men aren't living long enough to benefit from the pension. Now, that may oversimplify my understanding of the argument.

I would just like to have you respond to it.

Mr. MACY. This is a difficult point to respond to without really having all of the data with respect to the group of men that are involved. It is possible for them to retire at 55, after 30 years, with a 5-percent reduction in annuity. This is possible.

Mr. JOHANSEN. After 30 years of what? Not piloting?

Mr. MACY. Thirty years of Federal service.

Now the examples that Mr. Udall cited are all examples where the service prior to pilot service was non-Federal. Therefore they accumulated certain equities under the social security system, which were available to them.

I don't believe I can really be responsive to your point without having more complete data than I have of the vital statistics nature with respect to this group.

Let me add one further point in answer to your earlier question. There is a group of Federal employees, a rather substantial group, that are also subjected to strain and pressure and where the decisions they make are of great significance in terms of public safety. These are the air traffic controllers of the Federal Aviation Agency. We have had a number of approaches, from time to time, from that group and from the Agency, asking if we would support preferential treatment on retirement on the grounds that the tension involved in the operation of bringing these aircraft in at high speeds, at congested airports, is a serious one. Our view has been that even in that instance it is better to adequately compensate for those jobs and to provide conditions of proper medical and safety devices and techniques than to give special treatment under the Retirement Act.

Mr. JOHANSEN. Thank you.

Mr. OLSEN. Thank you very much, Mr. Macy and Mr. Ruddock.

Mr. MACY. Thank you.

Mr. OLSEN. We appreciate your being here with us this morning.

The next witness is Mr. Paul M. Runnestrand, Executive Secretary, Canal Zone Government. Mr. Runnestrand.

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

Mr. RUNNESTRAND. Thank you, Mr. Chairman.

I am Paul Runnestrand, executive assistant to the President of the Panama Canal Company and Executive Secretary of the Canal

Zone Government. I am appearing here this morning on behalf of the Panama Canal Company.

Taking a cue from the previous witness, perhaps you would care to insert my prepared statement in the record and I also will summarize to save your time, sir.

Mr. OLSEN. Without objection, your statement will be entered into the record in full at this point and you may summarize your statement. (The statement follows:)

PREPARED STATEMENT OF PAUL M. RUNNESTRAND, EXECUTIVE ASSISTANT TO THE
PRESIDENT, PANAMA CANAL COMPANY

Mr. Chairman, I am Paul M. Runnestrand, executive assistant to the President of the Panama Canal Company and Executive Secretary of the Canal Zone Government. I am here this morning on behalf of the Panama Canal Company which is the Government agency that employs the Panama Canal pilots who are subject to H.R. 2030.

The Panama Canal Company has already submitted a report on this bill by letter dated March 14, 1963, signed by Mr. W. M. Whitman, Secretary of the Panama Canal Company and addressed to the Honorable Tom Murray, chairman of the Committee on Post Office and Civil Service. I suggest that this report be made a part of the record of this hearing.

For reasons of principle the Panama Canal is not in a position to support enactment of H.R. 2030. The purpose of the bill is to reduce to age 55 the age requirement for voluntary retirement of Panama Canal pilots without reduction in annuity, to reduce from 30 years to 20 years the length of service required to qualify for voluntary retirement prior to age 60 without reduction in annuity, and to provide a more favorable formula for computation of the amount of the annuity. Special provisions now contained in the general retirement law, which would be extended to Panama Canal pilots by H.R. 2030, 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.

I believe the Civil Service Commission and the report of the Bureau of the Budget have fully covered the executive branch position on this general policy which the Panama Canal Company as an executive agency of course supports.

This position of principle does not in any degree mean that the management of the Panama Canal fails to recognize the special conditions and responsibilities applicable to Panama Canal pilots. We employ some 130 pilots at the present time and it is indeed a competent and skilled group performing highly responsible work that involves special physical conditions and psychological stresses and strains. The duties of a pilot are undeniably responsible and a high order of skill and judgment is required. I do not know of any other operating employees in the Panama Canal who have greater responsibility.

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 non-work 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.

Usually the normal workweek of a transit pilot will average to about 40 hours of duty, including an allowance for travel time. But, of course, there are variations since the length of transit time varies with the nature and size of the vessel, traffic conditions, and other circumstances. The pilot is in any event paid on the basis of a 40-hour week and receives overtime for hours in excess of 40. In recent years, with the increase of canal traffic, night transits are becoming more frequent. A normal transit job for a pilot consists of 11 hours in actual canal transit duty and $2\frac{1}{2}$ hours of allowed land travel, or about 13 hours' total time.

The degree of mental stress which a pilot undergoes varies greatly with particular transits and depends upon considerations such as variation in ship sizes, traffic volume, vessel equipment breakdowns, and weather conditions.

The Panama Canal management is fully cognizant of the physical requirements and makes every effort to schedule the work so as to minimize the strain or stress that is inherent in the pilot's work. Thorough physical examinations of pilots are required annually in order to insure that we have a periodic evaluation of the pilots' 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. These annual physical examinations afford an appropriate basis for initiation of disability retirements in any case where that is indicated.

The Panama Canal, and therefore the United States Government, has a substantial investment in the training of a Panama Canal pilot, and it is a fact that a pilot's skill and ability continue to grow with additional experience. Therefore, even assuming the bill H.R. 2030 were otherwise acceptable in principle as special retirement legislation, the Panama Canal opposes the feature of the bill which would permit voluntary retirement at full annuity after only 15 years of service as a Panama Canal pilot.

Mr. RUNNESTRAND. I might suggest also that the committee may wish to put in the record at this time our agency official report, which is a letter addressed to Chairman Murray under date of March 14, 1963.

Mr. OLSEN. At this point, without objection, the letter of Secretary W. M. Whitman, of the Panama Canal Company, to Chairman Tom Murray, of the Committee on Post Office and Civil Service, will be made a part of the record.

(The letter follows:)

PANAMA CANAL COMPANY,
Washington, D.C., March 14, 1963.

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

DEAR MR. MURRAY: Your request to the Secretary of the Army for a report on H.R. 2030, a bill to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots, has been referred to me for reply on behalf of the Panama Canal Company.

H.R. 2030 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 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 primarily the investigation, apprehension, or detention of persons suspected or convicted of offenses against the criminal laws of the United States" (subsection 6(c) of the 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. 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 retirements 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 of 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 profit-sharing associations and the pension or retirement plans would therefore 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. 2030 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. 2030.

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. Mr. Macy has explained the bill, of course, and also the reasons for the Commission's opposition to it, so let me say at the outset that it is the principle explained by Mr. Macy that puts the Panama Canal Company in position of not supporting this bill.

We also would oppose the bill on the 15-year requirement of service as a ship pilot, but the amendment proposed last year to the bill, which I understand the pilots are agreeable to, of requiring 20 years, would remove that objection. But our position, as an executive agency, is one of principle as stated by Mr. Macy and I believe need not be repeated here by me as it was fully expressed.

As indicated by Mr. Macy, I want to make very clear on behalf of our agency, that this position of principle or policy does not in any degree mean that the management of the Panama Canal fails to recognize the special conditions and responsibilities applicable to Panama Canal pilots.

We employ some 130 pilots at the present time and it is indeed a competent and skilled group performing highly responsible work that involves special physical conditions and psychological stresses and strains. The duties of a pilot are undeniably responsible and a high order of skill and judgment is required. I do not know of any other operating employees in the Panama Canal who have greater responsibility.

I think the committee, and it is explained in the prepared statement, is familiar with their conditions of work, so I won't repeat them other than to say they do it on a transit basis so that they do have long hours of work, two or three times a week, depending on traffic. A typical workweek, where Saturday happened to be a nonwork day, might involve transits on Sunday, Tuesday, and Thursday. In times of heavy traffic, the pilot might have to make transits on 2 successive days. That is not a normal thing and as we expand the force, that should not be a normal thing. Actually the normal workweek will average out to about 40 hours of duty a week, which includes an allowance of $2\frac{1}{3}$ hours travel time for each transit.

In other words, on their present schedule, they are working some 40 hours a week although the normal transit at any one time might total about 13 hours, that is, 11 hours of actual transit plus $2\frac{1}{3}$ hours of travel time.

Mr. UDALL. Mr. Chairman.

Mr. OLSEN. Yes, Mr. Udall.

Mr. UDALL. On this point, I would assume, sir, you have a long background in maritime work. How long have you been in the canal?

Mr. RUNNESTRAND. I have been in the canal 22 years, but not, sir, in maritime work.

Mr. UDALL. What was your background prior to going there?

Mr. RUNNESTRAND. I am a lawyer, sir. I went down there as a lawyer and I am now in the Governor's office in administrative work.

Mr. UDALL. You are familiar and you have been out on these transits and have seen them?

Mr. RUNNESTRAND. Yes, sir.

Mr. UDALL. Maybe I ought to defer this question to the pilots themselves, but could you give me some idea—you talk about a transit taking 13 or 14 hours. Is some of the pilot's time inactive while waiting for the lock to fill up with water or for the water to run out of the lock or are they on the bridge under constant tension throughout this 14-hour period?

Mr. RUNNESTRAND. Well, the 14-hour period includes travel time, land travel, going to and from the point of embarkation. I think that

the representatives of the pilots can better explain that, but he is on the bridge at all times, including the time when the chambers are filling or emptying of water.

Mr. OLSEN. Only $2\frac{1}{3}$ hours of land time?

Mr. RUNNESTRAND. Yes, sir. We are speaking in averages now, so a normal transit would be around 11 hours. The only time that he would be able to relax, and I am sure that they can explain this better, would be if they are tied up for a couple of hours in the lake waiting for traffic to clear at some bottleneck, but during the lockages their responsibilities are heavy. They are in charge of the ship during that time.

Mr. UDALL. This land time, this consists of getting in an automobile or truck or something and going from the east end to the west end of the canal?

Mr. RUNNESTRAND. Yes, sir; that is right. The pilot takes the ship all the way through normally. He lives on the Pacific side and takes it through to the Atlantic side. The drive back is an hour and a half or something like that; and there would be transportation at the beginning of the trip from the harbor master's office out to the mine dock, where they get in a launch to go out and join the ship. The $2\frac{1}{3}$ hours is land travel time, not the launch travel time.

Mr. JOHANSEN. Would the gentleman from Arizona agree that if the automobile driving conditions are similar to those in the District, there might be some tension involved in that.

Mr. UDALL. Indeed; and I think they would be fully warranted in claiming hazardous pay.

Mr. RUNNESTRAND. I think all of us who travel in the Canal Zone agree, although I do not believe it is as bad as Washington.

The degree of mental stress of a pilot varies greatly with a particular transit and the size of the vessel and weather conditions. There is no question it is hot and humid, and during daytime transits the sun is hot. Their testimony last year, and I am sure again this year, will bring that out.

This, getting back to one of the points you went into with Mr. Macy, would be true also of some of our other employees, particularly those on vessel equipment that we have, such as dredges, tugboats, and that sort of thing.

Mr. UDALL. I was going to raise this point. You said you had been in the zone 22 years?

Mr. RUNNESTRAND. Yes, sir.

Mr. UDALL. What is the typical weather? Do you have seasons? Is it hotter in the summer or pretty much the same year round?

Mr. RUNNESTRAND. The temperature and humidity is roughly the same year round, but our seasons are rainy and dry. We have 4 months' dry season from about Christmastime to the end of April and 8 months' rainy season. Of course, these are tropical rains and the sun still shines much of the time.

Mr. UDALL. What are the average high and low temperatures in an ordinary day?

Mr. RUNNESTRAND. The average year round would be around 85. High temperatures will get into the 90's, no more than 95. The discomfort involved in our temperature there is related to humidity because we have a year-round average humidity of 85 or so. I suppose

at certain times in the year in the very early morning hours, it might get down as low as 72, but normally it won't get that low and every day will be in the middle 80's and many times in the low 90's.

Mr. UDALL. All right. If you picked up this group of very distinguished and able gentlemen up here and moved us to the Canal Zone, has it been your experience that our life expectancy, if we were doing the same kind of work we are here, would be sharply and markedly decreased?

Mr. RUNNESTRAND. No, sir, I couldn't say that. In the old days, in the construction days, living conditions were considerably different. If any of you have been to the Canal Zone, you will realize that it is now an attractive, reasonably healthy place.

Mr. UDALL. What health conditions, what diseases, what difficulties that I don't have living in Washington might I encounter if I moved to the Canal Zone?

Mr. RUNNESTRAND. I don't believe there would be any one thing you could point to except, possibly, the year-round exposure to the sun which, if you weren't careful, may cause a tendency toward skin cancer that the pilots associate with it. It applies to anyone who stays out in the sun. Of course, there are protective things to use for that these days, to keep the sun out, and, if carefully used, they will prevent that. Apart from the effect of the sun, our experience doesn't bring to my mind any disease or affliction other, perhaps, than the general debilitation, or whatever it is that they talk about, which the white man in the tropics experiences through the years.

Mr. OLSEN. Would the gentleman yield?

Mr. UDALL. Yes.

Mr. OLSEN. The fact is, though, the life experience of these pilots is less by a great deal than the life experience of other retired Federal employees; isn't that correct?

Mr. RUNNESTRAND. I don't know the answer to that, sir.

Mr. OLSEN. Do you challenge the figures that the Panama Canal Pilots Association brought here last year?

Mr. RUNNESTRAND. No, sir.

Mr. OLSEN. These were concerning life experience?

Mr. RUNNESTRAND. I do not challenge them. The only thing about it is I do not know the relative or the comparative figures for some other group of similar number of employees, either in occupational category or even taking Federal employees retired from the Canal Zone generally. I have never seen developed—and I am not sure it would be feasible although perhaps it would—other type figures to compare; so, I don't know, for example, whether the incidence of skin cancer is markedly more than in other occupational categories. It would presumably be more than someone at a desk.

Mr. UDALL. Skin cancer has been mentioned. Do you find 20, 30, 40 percent of the population down there has skin cancer, or is this something that afflicts 1 or 2 percent, perhaps?

Mr. RUNNESTRAND. I don't know the percentage, but I think it is not at all as high as your first figure.

Mr. UDALL. Is the sun when it comes down any hotter than it is in Arizona, where it gets up to 100 in my home, or does it feel about the same?

Mr. JOHANSEN. I think, Mr. Chairman, the witness ought to be warned to be very careful how he responds to that question.

Mr. RUNNESTRAND. I am sure the 110 temperature in Arizona, without the humidity, would be a much more pleasant thing perhaps; but, of course, our temperatures do not get that high.

Mr. UDALL. I spend many hours out in the hot sun during the months of July, August, and September in even-numbered years, chasing that elusive wildlife known as the undecided voter, and I have had that 110° sun beat down on me. I wondered what my exposure to skin cancer might be?

Mr. BECKWORTH. Mr. Chairman, I am going to have to leave in a moment. I want to get in about two sentences, if the gentleman will permit.

Mr. OLSEN. Yes.

Mr. BECKWORTH. Why do you oppose this bill? I did not get here at the beginning. Is it just a principle proposition only?

Mr. RUNNESTRAND. Yes, sir.

Mr. BECKWORTH. State the principle that you feel would be violated.

Mr. RUNNESTRAND. The principle, as explained by Mr. Macy before me, is the principle against special retirement legislation to attempt to compensate individual occupational categories for special hazardous or health conditions, particularly in view of the precedent it sets for the many other occupational categories which I understand have, in the past, petitioned for similar treatment.

Mr. BECKWORTH. Have not a good many precedents, of one kind or another, in the field of retirement been set?

Mr. RUNNESTRAND. I understand only the one of the law enforcement officers.

Mr. UDALL. Will the gentleman yield?

Mr. BECKWORTH. Yes.

Mr. UDALL. I think Mr. Macy's testimony, and testimony of this witness, have made two or three quick points. One is there would be no cost in this legislation. They do not claim that this would break the retirement funds, or produce any additional cost, because of the small number involved. Their opposition is one of principle. It opens the door. If the Panama Canal pilots are entitled to it, then the people in the control towers in the airports are entitled to it, and other groups would come in and these might cost something. This, in a nutshell, is the objection.

Mr. BECKWORTH. I did want to understand. Thank you, Mr. Chairman.

Mr. GROSS. Are you through?

Mr. UDALL. I am through.

Mr. GROSS. Mr. Chairman.

Mr. OLSEN. Mr. GROSS.

Mr. GROSS. What, again, is the average workday?

Mr. RUNNESTRAND. The average transit—maybe I should explain how these people work. They go on a transit through the Canal—

Mr. GROSS. I understand that. The average workday or average transit is how many hours?

Mr. RUNNESTRAND. The average is around 11 hours of actual transit time.

Mr. GROSS. And there is 2½ hours for deadheading back to the other side?

Mr. RUNNESTRAND. Yes, sir.

Mr. GROSS. They work only one way?

Mr. RUNNESTRAND. Yes, sir.

Mr. GROSS. So that it is about 11 hours, and they are away from home some 13 hours?

Mr. RUNNESTRAND. Yes, sir.

Mr. GROSS. How long does it take to transit the Canal by automobile? I understand weather conditions have something to do with this.

Mr. RUNNESTRAND. It is 50 miles—not on superhighways—so, by automobile, from one end of the Canal to the other, it is roughly 1 hour and 45 minutes, or 2 hours.

Mr. GROSS. To drive by car?

Mr. RUNNESTRAND. Yes, sir.

Mr. GROSS. What about the train; it still operates, does it not?

Mr. RUNNESTRAND. Yes. The train is roughly 1 hour and 20 or 25 minutes, and they do use the train at times.

Mr. GROSS. So they are amply compensated for land transit?

Mr. RUNNESTRAND. Yes, sir; we think so.

Mr. GROSS. In your opinion?

Mr. RUNNESTRAND. Yes, sir.

Mr. GROSS. Are the pilots presently asking for an 8-hour day?

Mr. RUNNESTRAND. Yes, sir; that is under discussion at the present time. They have petitioned the Panama Canal Company for consideration of the application of an amendment—the Thomas amendment, wage board law last year—which involved overtime for working in excess of 8 hours. That is under consideration at the present time. It has been the position of the Agency that the law does not apply to this group of employees.

Mr. GROSS. If granted, would this represent something approaching a 20-percent increase in compensation?

Mr. RUNNESTRAND. I do not know the percentage, but it would be an expensive thing; yes, sir.

Mr. GROSS. You pay overtime after how many hours?

Mr. RUNNESTRAND. Forty.

Mr. GROSS. After 40 hours and the canal transits are approximately an average of three per week; is that correct?

Mr. RUNNESTRAND. Yes, sir.

Mr. GROSS. And the pay schedule ranges from \$11,000, approximately, to \$17,000 a year; is that correct?

Mr. RUNNESTRAND. Yes, sir. The pilot in training, who is in that position at the bottom of the ladder for the first 6 months, makes \$11,003.20, and, at the end of 7½ years, the pilot receives \$17,093.04.

Mr. GROSS. A pilot taking a vessel through the canal is not constantly out in the sun; is he?

Mr. RUNNESTRAND. No; not constantly, in the sense that he is on the bridge of the ship, certain portions of which may be covered. I would prefer the pilot to discuss this in more detail, but you don't have to be out directly in the sun to get the effects of it down there, such as the glare on the water.

Mr. GROSS. I understand that. Are the bridges air conditioned?

Mr. RUNNESTRAND. I believe some of the ships may have air conditioning in the center portions, but that would be pretty rare, and not on the bridge itself.

Mr. GROSS. It is not unreasonably hot in the Canal Zone if you are able to get a breeze going through a shaded area; isn't that correct?

Mr. RUNNESTRAND. Yes, sir, that is generally true.

Mr. GROSS. You do have the tradewinds down there?

Mr. RUNNESTRAND. Yes, sir, at this time of year, the tradewinds are delightful. The humidity, however, is very high even in the dry season, and it is unquestionably hot. Of course, the heat isn't what gives skin cancer but the direct rays of the sun. However, I am not an expert on skin cancer.

Mr. GROSS. I only asked the question because you said you had transited the canal on vessels and I realize that perhaps we ought to be getting to the pilot witnesses for information on some of the questions that I have asked. I believe that is all at this time, Mr. Chairman. Perhaps we can call these gentlemen back a little later if we have the time and we can't get the answers from the pilots.

Mr. JOHANSEN. Mr. Chairman, if this change were made to the 40-hour week, it would be, I assume, without any reduction in annual pay. Let me ask it a different way. Is the present pay on an annual basis?

Mr. RUNNESTRAND. Yes, sir.

Mr. JOHANSEN. Would there be a change in the annual pay if you went to a 40-hour workweek?

Mr. RUNNESTRAND. I can't answer that because if we were to go to an 8-hour day, 5 days a week, it would be such a drastic and complete change of the schedule and utilization of pilots that the entire system and compensation would have to be reviewed. It would involve increasing the number of pilots. It probably would involve no longer taking the ships through with one pilot from one end to the other, but somewhere in the middle you would have to have launches and take them off and put on another pilot. The question specifically of whether in changing over to that form there would be more or the same annual pay they received would depend on the study. To pay them overtime in excess of 8 hours a day, if this new law as of last year were applicable, would be an expensive thing.

As it is now, they average around 40 hours a week. If the transits that they have in a week, including their travel time, is less than 40 hours, the extra hours are constructed so they don't have any reduction in pay because of working less than 40 hours and there are some weeks where there are a few hours less than 40. If the work is over 40 hours a week, even though they only have three transits, one might be extra long or they might be called out for a fourth transit, they are paid time and one-half for work in excess of 40 hours.

Mr. GROSS. That is about \$12.33 an hour for the overtime; is it not?

Mr. RUNNESTRAND. Yes, sir, exactly \$12.33 an hour for the top step pilots.

Mr. JOHANSEN. Just to clarify the thing, the base on which the overtime is computed is arrived at by dividing the stated annual salary by how many hours?

Mr. RUNNESTRAND. That is 2,080, a 40-hour week. The only further point I might mention is that the agency is fully cognizant of all of these things we have been talking about and it makes every effort

in scheduling the work of the employees to minimize the strain and stress that is inherent in their work. Thorough physical examinations are required of pilots annually and this gives us an opportunity for periodic evaluation for continuing fitness and their general health. It is both in our interests and in their and forms the basis for disability retirement if that is indicated.

Mr. GROSS. I have a question, if I may, Mr. Chairman.

Mr. OLSEN. Mr. Gross.

Mr. GROSS. The pilots do get medical care?

Mr. RUNNESTRAND. On the same basis as our other employees. We have a hospital facility, but it is not free medical care.

Mr. GROSS. It is not free. Is it cutrate medical care?

Mr. RUNNESTRAND. Yes, sir. Gorgas Hospital in the Canal Zone is quite a famous one with very adequate, full medical coverage, and, of course, the Federal group health insurance plans apply to us down there as to all Federal employees.

Mr. OLSEN. Could I interrupt. Did you mean to say "cutrate medical care," or do you know what that term means?

Mr. RUNNERSTRAND. I am afraid I don't, sir.

Mr. OLSEN. I don't mind your term, Mr. Gross, but I would like a definition of what it is.

Mr. UDALL. The same kind of care Members of Congress receive.

Mr. GROSS. I just wanted to say you might be acquainted with that.

Mr. OLSEN. I am not.

Mr. JOHANSEN. Is it medical care paid for under the same type of group insurance that other Federal employees have in which case I would assume it is not cutrate medical care?

Mr. RUNNESTRAND. No, sir, I don't know what the term means. Ours is excellent full coverage.

Mr. JOHANSEN. You pay at cost the hospital bill and nothing for the doctors' bills. I mean that is what I would understand cutrate medical care is.

Mr. GROSS. Let me be a little more explicit. Members of Congress go out to Bethesda or Walter Reed. They pay for their hospital room but they get, so I understand—I have never occupied a bed in either one of those hospitals—free medicine or medicine at no cost, call it whatever you want. This I would call cutrate medical care. This is what I was trying to get at.

Mr. UDALL. Would the gentleman agree that deductions are taken from Members' pay and Federal employees' pay under some plans, similar to Blue Cross?

Mr. GROSS. Of course, but this is elective. They can participate in the program or not participate in the program, as they see fit. I assume that most of them do. I do, but I know that Members of Congress go to Bethesda and Walter Reed and get this service.

Mr. OLSEN. I have never been there either, so I wasn't acquainted with that. Now getting back to the Canal Zone, do you people get free medicine at all?

Mr. RUNNESTRAND. No, sir. It operates here as a Federal employee without Bethesda or Walter Reed privileges. The hospital is there and has a medical tariff under which, if one did not belong to an insurance plan, the employee would pay for everything. He would pay at rates prescribed in the medical tariff whether they are full cost or what, but they are substantial. There is nothing free about them.

At one time they were lower than they are now. They are graduated and based on pay, although now practically all pay the same.

Mr. UDALL. There is a group plan to which pilots and other employees of the Panama Canal Company can subscribe and deductions are taken from their pay and then if they go to the hospital, the group financing agency, whether it is Blue Cross or some other group, pays most but not all of the doctor bill and hospital bill?

Mr. RUNNESTRAND. That is correct.

Mr. UDALL. And some of the medicines?

Mr. RUNNESTRAND. Exactly.

Mr. OLSEN. Does the Panama Canal Company run the hospital?

Mr. RUNNESTRAND. The Canal Zone Government, same thing; yes, sir. We furnish the hospital for the military there. It is the one big hospital in the Canal Zone.

Mr. OLSEN. Do we support that with taxes?

Mr. RUNNESTRAND. No, sir.

Mr. GROSS. We make some appropriation to it.

Mr. RUNNESTRAND. If I may explain: The Canal Zone Government, which operates the hospital, schools, police, and fire and that sort of governmental service, goes to Congress for gross appropriations each year. Let's say it is \$20 million. There are certain revenues from hospital revenues and fines and fees and car licenses, which go back to the Treasury of the United States, leaving a net cost of the Canal Zone Government of, let's say, \$15 million or \$12 million. That is paid to the Treasury of the United States by the Panama Canal Company from its tolls and other revenue. That is why I say that the hospital in the end does not come from taxpayer money but it is entirely out of revenues of the canal enterprise as a whole. We do go through the budget process on the Government side getting gross appropriations and then reimbursing the Treasury in cash at the end of the year from revenues from Panama Canal Company revenues. This is by statute.

Mr. OLSEN. If there are no other questions, we will excuse Mr. Runnestrand. I do want to ask one question of Mr. Ruddock before we go to the next witness.

Mr. Ruddock, do you have a figure disclosing the life experience of Federal retirees after retirement?

Mr. RUDDOCK. In my memory, sir, I have this in general terms. The average age at retirement is approximately 62 years, and the life expectancy at that age is approximately 16 years.

Mr. OLSEN. That life expectancy figure is determined by some study of actual life experience?

Mr. RUDDOCK. The experience of retirees under the Civil Service Retirement Act, yes, sir.

Mr. OLSEN. Thank you.

Our next witness is Capt. Richard McClean, president, Canal Zone Ship Pilots Association, and I understand that you are accompanied by Capt. W. H. Vantine. Will you please come forward.

I note that the other members received a copy of a letter dated April 2, 1963, and addressed to Mr. Murray and signed by Richard A. McClean, together with enclosures. Without objection, this will be made a part of the record at this point and you may summarize your case for the committee.

(The letter follows:)

CANAL ZONE PILOTS ASSOCIATION,
Coco Solo, Canal Zone, April 2, 1963.

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

DEAR MR. CHAIRMAN: Reference is made to the subcommittee hearings scheduled for April 2, 1963, in regard to H.R. 2030, a bill to amend the Civil Service Retirement Act with respect to annuities of Panama Canal ship pilots.

The history of the original inception of this legislation is voluminous in that the pilots of the Panama Canal have tried for some years now to have enacted an amendment to the present Civil Service Retirement Act permitting a more liberal retirement law for the members of our organization. I should like to refer the committee to the House committee hearings entitled "Implementing a Treaty With the Republic of Panama" commencing on page 175. I should also like to refer the committee to Report No. 824 of the 85th Congress, 1st session, at which time the U.S. Senate reported favorably to S. 821 (the same type bill as H.R. 2030). I should also like to refer the committee to the subcommittee hearings of the 87th Congress, 2d session, conducted on May 29, 1962, with reference to H.R. 3557 and at which time the subcommittee reported favorably on same.

This is a most unique situation. The situation is unique in that our bill has extreme merit and the fact that it does have extreme merit and, we feel, completely justified, a continuing interest persists, not only in the eyes of many Congressmen and Senators, but in the eyes of our employer the Panama Canal Company, the shipowners and companies of the United States, and the steamship operators of the world.

The Civil Service Commission has stated that as an alternative to enactment of a law of this nature that we should be compensated additionally in active duty pay and allowances. The Civil Service Commissioner has even recommended such a policy to the Panama Canal Company. The Panama Canal Company on the other hand does not permit nor allow our active duty pay and allowances to get out of "coordination" with other employees of the Panama Canal Company who are in a supervisory category in spite of the fact that these other employees do not have the mortality nor disability rate that the pilots unfortunately have.

The Bureau of the Budget refers to law enforcement agencies having more liberal retirement benefits, which we don't dispute as being justified, and generally objects to all bills of like nature as being too costly. Here we can prove little or no cost to the Government.

A pilot usually has paid substantially into the social security fund prior to eligibility to participate in the civil service retirement plan. During this same period, he would have also contributed considerably into private company or union retirement plans. Upon becoming a pilot and entering Federal service he loses all that was contributed toward his company retirement plan, as the Government does not participate in these and he does not presume to live long enough to collect any of his social security benefits. Therefore, except in rare occasions, a pilot must commence payments toward retirement at the late age of about 36 years. It is physically impossible for him to accumulate the 30 years of service and he has only a 48 percent chance of living beyond the age of 53 years without dying or becoming disabled.

Assuming that a pilot lives to the required age of 62, he will have contributed approximately \$29,000 into the civil service retirement fund. This sum does not include accrued interest at 3 percent per annum which would bring the sum to roughly \$40,000. In figuring a monthly annuity of \$800 payable to the retiree, it would take 50 months (4 years, 2 months) before the pilot could recover his own investment in the retirement plan. Of a total of 159 career pilots from 1914 to date, only 28 pilots, or 18 percent, retired with full retirement age 62, whereas 82 percent were separated at reduced annuity.

In considering the facts, it becomes apparent that the Retirement Act as presently written does not provide adequate benefits for this specialized group of Federal employees and that the pilots seldom contemplate ever being able to reach the required age for retirement in reasonably good health. This denial of our group of the prospect of a few years of leisure in the "sunset years" should be adequate proof that the Civil Service Retirement Act does not effectively cover the pilots, which should be in the intent of any creditable annuity plan.

From the testimony given by the agencies opposing this legislation, it is readily apparent that the opposition is not to H.R. 2030 particularly, but against any

and all progressive changes in the Civil Service Retirement Act. This opposition to change merely for the sake of opposing change would encourage one to think that the act, when written, was all-encompassing and infallible. An inspection of the act shows that between its enactment in July 1930 and September 1954, there were 80 amendments plus several Executive orders, which brought coverage to certain Congressmen and other special groups. Merely because the pilot group is so small does not preclude our importance nor the importance of the congressional duty regarding our group. We do not believe that the U.S. Congress will ever become a party to opposing change merely for convenience of avoiding responsibility while ignoring glaring evidence that such change is justified.

The Panama Canal Company offers as their objection the "15-year clause." The pilots circulated a referendum ballot last year in which the pilots of the Panama Canal Company agreed to an amendment of our retirement bill (H.R. 2030) to read on line 8: "20 years on the pilots force" and dropping the 15-year stipulation altogether. This is in keeping with Governor/President W. A. Carter's letter quoting, "the Panama Canal Company and the Canal Zone Government are unable to support the feature of the legislation which would permit voluntary retirement at full annuity after only 15 years as a Panama Canal ship pilot; however, if subject bill were modified to call for a minimum of 20 years as a pilot the canal agencies would have no objection to enactment of the bill." The pilots of the Panama Canal would therefor like H.R. 2030 amended to read line 6: "(g) Any employee while serving as a ship pilot in the Panama Canal Zone who attains the age of 55 years and completes 20 years of service as a pilot, shall, upon separation from the service, be paid an annuity computed as provided in section 9." This amendment will then remove the Panama Canal Company's objections to enactment of H.R. 2030.

Traffic in the Panama Canal is increasing yearly. The Canal Company is working 24 hours a day. Night work had doubled and the pilots are working more irregular hours than ever before. The mortality and disability statistics included in this statement will increase accordingly. Large supertankers and super ore ships requiring two or more pilots have increased 614 percent between 1955 and 1960—an additional increase of 6.3 percent was noted between 1961 and 1962. The responsibilities of the pilots have increased accordingly. The tensions experienced in piloting one of these large ships through the canal are incomprehensible to the laymen. Regular sleeping hours are no longer available to the pilots. A pilot may be called to work at 4:30 one morning and after a 14-hour transit may very well be called to work the next day at 10 p.m. and be expected to work all night. Private pilots organizations within the United States cannot be compared with the canal pilots. Although they make considerable more money, they do not have the responsibility that we legally assume. In their case the master is still responsible for his ship where in our case we relieve the master of a ship (by law) of his responsibility for the navigation and movement of his vessel.

The last pilot to retire at age 62 and the only one since we last testified before Congress regarding retirement legislation was Capt. R. W. Rubelli. He left at the end of 1962 with 18 years service as a pilot. Although this bill would not aid him, he continually urged the Canal Zone Pilots Association to press for its enactment and always contributed his share of the considerable expense involved. Captain Rubelli, as have many Panama Canal pilots before him, found this work extremely exhausting after he reached his middle fifties. Two unfortunate incidents that occurred during the last 2 years of his career serve to highlight our need for optional early retirement. He suffered a painful back injury from a fall on the deck cargo of a vessel he was boarding at night and was involved in a ship accident near the end of a transit in which the Panama Canal Company had to assume liability for damages estimated to cost \$50,000 for permanent repairs. Both of these accidents can be attributed to these facts: Captain Rubelli had to pilot beyond the years that he was physically well fit and these accidents might possibly have been avoided had he been able to retire at an earlier age.

The members of the Canal Zone Pilots Association wish to express their sincere appreciation to the committee for devoting your valuable time to the consideration of H.R. 2030. Since we are a small politically unimportant group, this effort on the part of our Nation's elected representatives certainly denotes a high sense of public responsibility.

By direction of the membership.

RICHARD A. McCLEAN,
President, Canal Zone Pilots Association.

Enclosure statistics concerning retirement, medical disability, and mortality rate for Panama Canal pilots.

STATISTICS CONCERNING RETIREMENT, MEDICAL DISABILITY, AND MORTALITY RATE FOR PANAMA CANAL PILOTS

During the period of time from June 1949 through March 1963 a total of 52 career pilots left the service of the Panama Canal Company. They averaged 56.3 years of age and 19.7 years of service as pilots. This period was selected because it covers the time when the current buildup of traffic and remarkable increase in ship size has taken place. Nightwork during this time has increased manifold and will eventually reach 50 percent. Details follow.

Five men or 10 percent deceased at an average age of 50.8 years with 17 years of service as pilots.

Pilot	Age	Service	Remarks
		<i>Years</i>	
Donohue, Leo.....	43	7	Died in service.
Makibbin, T. C.....	59	25	Died on vacation.
McLaren, D. M.....	52	23	Died in service.
Redman, M. C.....	44	10	Do.
Wall, William.....	56	20	Do.

Twenty-two men, or 42 percent, were discharged for medical disability at an average age of 53.5 years with 17.5 years of service as pilots.

Pilot	Age	Service	Remarks
		<i>Years</i>	
Bach, Harry S.....	58	23	Medical disability.
Baverstock, Clinton.....	58	25	Do.
Dear, F. A.....	55	12	Medical disability (accident).
Dietz, Julius.....	38	7	Medical disability.
Ferguson, L. A.....	59	26	Do.
Fort, Roy.....	61	18	Medical disability (accident).
Kariger, G. F.....	41	8	Medical disability.
Kolle, G. O.....	58	15	Do.
*Jacobs, V. K.....	51	23	Do.
*Longmore, Harold K.....	44	10	Do.
Martin, Glen.....	48	14	Do.
Meade, George.....	58	26	Do.
Munden, J. S.....	58	23	Do.
Reppa, Frank.....	61	17	Do.
*Russell, Frank.....	46	14	Medical disability (accident).
Springthorpe, A. H.....	56	18	Medical disability.
Smithies, G. H.....	58	19	Medical disability (accident).
Tawes, G. W.....	57	23	Medical disability.
Tracy, Keith.....	50	17	Do.
Wallace, Alan S.....	55	15	Do.
Wentworth, Howard.....	47	7	Do.
Wilson, C. O.....			

*See note on p. 25.

Fourteen men or 27 percent resigned or went out on voluntary retirement with reduced annuities at an average age of 58.3 years with 22.9 years of service as pilots.

Pilot	Age	Service	Remarks
		<i>Years</i>	
*Calcutt, William.....	58	23	Voluntary retirement.
Falk, Henry S.....	58	31	Do.
Farrell, Webster.....	59	23	Resigned. No pension until age 62.
Ferri, Henry S.....	60	20	Voluntary retirement.
Forsstrom, A. B.....	61	27	Do.
*Grant, Hector.....	53	19	Resigned.
Hearn, Jack.....	55	22	Voluntary retirement.
Hudgins, George.....	57	26	Do.
Kuhrt, Walter.....	57	22	Do.
Ried, William.....	60	23	Do.
Rowe, H. V.....	60	22	Do.
Skeels, Lucien.....	60	22	Do.
Smith, G. H.....	61	23	Do.
*Terwilliger, Albert.....	57	17	Do.

*NOTE.—These six men (11½ percent), died less than 1 year after leaving the canal.

Eleven men, or 21 percent, were able to retire at the age of 62 with an average of 21.3 years of service as pilots.

Pilot	Age	Service	Remarks
		<i>Years</i>	
Ducan, Peter W.....	62	21	Retired.
Harrington, Frank J.....	62	26	Do.
Hearon, William C.....	62	17	Do.
Heath, D. S.....	62	25	Do.
Maloney, Hugh.....	62	17	Do.
Nilsen, Jens.....	62	20	Do.
Rennie, Robert G.....	62	22	Do.
Rubelli, R. W.....	62	18	Do.
Small, E. B.....	62	24	Do.
Townshend, Charles S.....	62	24	Do.
Wyle, R. A.....	62	20	Do.

Twenty-seven men or 52 percent were either dead or medically disabled at an average age of 53 years after 17.4 years of service as pilots.

Most of the 14 men who resigned or took voluntary retirement did so at a considerable financial loss (reduced or delayed annuities) but felt compelled to do so in order to keep reasonably good health.

Several of the men who were able to last on the job until the age of 62 years were in poor health and some were out of the canal toward the end on light duty assisting in the port captains' or harbormasters' offices.

Prepared from master file by

W. H. VANTINE,

2d Vice President, Canal Zone Pilots Association.

STATEMENT OF CAPT. RICHARD McCLEAN, PRESIDENT, CANAL ZONE SHIP PILOTS ASSOCIATION, ACCOMPANIED BY CAPT. W. H. VANTINE, CANAL ZONE SHIP PILOTS ASSOCIATION

Captain McCLEAN. Mr. Chairman, I didn't prepare a written summary regarding this statement. I could briefly go over the traffic patterns which have increased in the canal. The ships have gotten

considerably larger. Multiple jobs have increased whereby it takes two pilots on some ships to get them through since they are so wide.

Mr. OLSEN. Let me interrupt just a minute. Would it be easier and faster for you to read your statement?

Mr. UDALL. Mr. Chairman, let me say, the statement was given to me yesterday. I took it home and read it last night. It might well be the other members of the committee have also read it word for word and line for line. If this is the case, we could save some time by getting to questions. I have some and I know the other gentlemen have some also.

Mr. OLSEN. Would you be satisfied?

Mr. JOHANSEN. Yes.

Mr. GROSS. Yes.

Mr. OLSEN. Let us proceed with questions and after the questions, if you have additional remarks to make, we will come back to your direct statement. At this time the Chair recognizes Mr. Udall of Arizona.

Mr. UDALL. Let me say to both the witnesses, first, that by this procedure, I don't want to restrict your opportunity to make any statement here or answer any of the allegations that have been made by the previous witnesses. We do have to conclude this in about 35 minutes and it seemed to me that the time could be better spent answering some of the questions that we have. But, if at any time you wish to make an explanation, please indicate that there is additional material or statements you would like to make along these lines because we want to have both sides of this controversy and decide it fairly.

Captain McCLEAN. Yes, sir.

Mr. UDALL. It would be interesting to me if you could take about 2 minutes to give me a quick profile of a day on a run. You leave your home, you drive someplace and you get on a launch and you go out and get on the ship and then you start through. Run me down on typical day when you have a transit?

Captain McCLEAN. Briefly, let us assume that I am to go to work at 6 o'clock in the morning, in which case the port captain's office will call me an hour before my boathouse arrival, at which time I'm scheduled to go to work. I get dressed and have coffee and a company car picks me up at my home at approximately 15 minutes before the assigned hour, takes me to the boathouse. I communicate with our port captain's office by telephone. He gives me my schedule number, the ship's name and when I am due at Gatun Locks.

Mr. UDALL. Are you eastbound or westbound?

Captain McCLEAN. It is southbound, actually. I live on the Atlantic side and I am taking a ship to the Pacific side, so we can refer to that as southbound.

The average time from boathouse to Gatun Locks runs about 2 hours, by the time I board a launch, go and board the ship, get the ship underway, and steam the ship up to Gatun, making the necessary maneuvers to get the ship down to 2 miles an hour to enter the locks—

Mr. UDALL. You do not drive this launch on this trip?

Captain McCLEAN. No, sir.

Mr. UDALL. Can you sleep or rest or go over charts and figures? What do you do when you are on the launch?

Captain McCLEAN. I sit there because the run to the ship's anchorage is approximately 20 minutes and it doesn't give time, of course, for any rest, plus the fact that the launch is noisy; and then I just think about maybe what I did last night or I'm going to do tomorrow.

And so I board the ship and then proceed up to the locks. It takes another hour roughly—

Mr. UDALL. Just a minute. In the letter there was some indication of the hazards of boarding. This little launch, I would guess, is 8 or 10 feet out of the water perhaps and the deck of the ship is what, 50 or 75 feet above that?

Captain McCLEAN. Not that high.

Mr. UDALL. How high?

Captain McCLEAN. It would average somewhere in the neighborhood, depending on the draft of the ship, roughly 25 feet above the waterline.

Mr. UDALL. Do you go on a ladder or hoist?

Captain McCLEAN. We go up a pilot ladder, a stepladder, hung together with rope lines and it is hung over the side of the ship and as the launch approaches the side of the ship, I step from the launch to the ladder and climb up the ladder.

Mr. UDALL. Is this a very dangerous or difficult maneuver?

Captain McCLEAN. It can be under certain circumstances when the dry season winds are blowing, for example, it gets rough in the bay and you have to wait until the launch comes up on the crest of a wave, step off and let the launch fall out from under you. We have had occasions, of course, where the launch has hit the pilot in the legs or on the feet or on occasions where the ladder will break and the pilot will fall on the launch or into the water actually. It is rare, but it has happened.

Mr. UDALL. All right. I am taking too much time, but this is interesting and helpful. Then you are up on the bridge and go to work. What do you do then?

Captain McCLEAN. We go to the ship's bridge and issue the orders to the helmsman, the man who actually steers the ship and the officer who actually handles the engineroom telegraph, which transmits our orders to the engineroom so they can carry them out.

Mr. JOHANSEN. Let me interrupt right there. In other words, the period of the passage through the canal, you are the captain of this ship?

Captain McCLEAN. Yes, sir. I relieve the captain of the ship of his responsibility for navigation and movement of the ship, so that actually, the captain has nothing to say as to how I maneuver his ship. He can sit down and take it easy. He has nothing to say as to how his ship is maneuvered.

Mr. UDALL. All right. You get it down to 2 miles an hour and approach the first lock.

Captain McCLEAN. We enter the locks with assistance of the locomotives and tow the ship through the locks and it takes about an hour at Gatun.

Mr. UDALL. The locomotives on either side throw out lines and they pull you in?

Captain McCLEAN. Canal seamen. Each ship is manned depending on how big the ship is, with a certain amount of canal seamen.

They throw lines to a couple of men in a boat and they make the lines fast to a messenger. The messenger is made fast to the wire of the locomotive and then the lines are heaved on board the ship by use of mechanical winches.

Mr. UDALL. There is some hazard in banging the ship against the side of the lock if you are not careful?

Captain McCLEAN. Especially so for the ship. Accidents, of course, are extremely expensive when it comes to a ship accident.

Mr. UDALL. You don't recommend banging for either the locks or the ship?

Captain McCLEAN. No, sir, we make every effort to avoid that.

Mr. UDALL. All right. The locomotives put it in, they close the gate and water starts.

Captain McCLEAN. The water fills the chamber.

Mr. UDALL. How long does it take?

Captain McCLEAN. Seven minutes for the water to fill up the chamber.

Mr. UDALL. What are you doing during this 7 minutes?

Captain McCLEAN. I am standing usually on the center wall side of the bridge in case I must communicate with the lock master, who is issuing orders by telephone to control house, in case a wire breaks or in case the engine fails on the ship, perhaps, and there is any number of things, of course, that can happen, so I am obligated to be in communication with the locks by voice.

Mr. UDALL. All right. In 7 minutes the upstream gates open. Do the locomotives pull you out or the ship seamen?

Captain McCLEAN. We use the ship's engine to start moving, release the breaking locomotives, and I start the ship's engines normally on half ahead and once I get the ship moving to overcome the moment of inertia, then I give the towing signal to the locomotives. I stop the engine and they in turn tow the ship into the next chamber.

Mr. UDALL. All right. These chambers, two or three in a row—

Captain McCLEAN. Three at Gatun, one at Pedro Miguel, and two at Miraflores. We go up three steps and down three steps.

Mr. UDALL. In between a big lake?

Captain McCLEAN. In between Gatun Lake—it is 21 miles from Gatun to Gamboa.

Mr. UDALL. The process of going down is the reverse of going up?

Captain McCLEAN. Yes.

Mr. UDALL. Steaming through the lake is under ship's power, no tugboats?

Captain McCLEAN. No.

Mr. JOHANSEN. You are still in command on this lake?

Captain McCLEAN. I am still in command. If we have a waiting period of 2 hours, I will anchor the ship in Gatun Lake in order to make my schedule and enter the cut at Gamboa. I judge myself accordingly because it takes approximately 2 hours to run that stretch of lake. Then we enter the cut and it takes another hour and 13 minutes to go down to Pedro Miguel locks.

Mr. UDALL. Typically, will you have a waiting period to get into the locks while the ships are sitting there, waiting for some other ship to get out?

Captain McCLEAN. Occasionally we do. It depends on the day's traffic flow. I may be obligated to tie the ship up to the center wall of the locks without the assistance of tugs, by maneuvering her engines, perhaps using the anchor and actually mooring the ship there and waiting a period of 20 minutes or however long it may take. It varies every day.

Mr. UDALL. All right. You get to the end of the run on the Pacific side. The captain thanks you and salutes you and then what do you do?

Captain McCLEAN. Then you reverse your procedure. You go down to the deck, hike over the bulwark rail and start down the ladder. The launch pulls up under you and you step off the ladder on the launch and back to the mine dock on the Pacific side.

Mr. UDALL. How do you get home?

Captain McCLEAN. Company transportation. Depending on the hour, we either take a train or an automobile. If it is after the trains have stopped running, for example, midnight, or 1 or 2 in the morning, then the Company drives us home in an automobile.

Mr. UDALL. And on the way home, this is free time?

Captain McCLEAN. Well, it is free time for me theoretically, but the Company is obligated to pay for that travel time to return me to my home.

Mr. UDALL. During that time you can contemplate the size of the Federal deficit or contemplate your sins or something of this sort?

Captain McCLEAN. We can, yes, sir. There have been accidents, of course, on the highway. Many pilots have stated the worst part of the transit is the ride home. The highway is rather hazardous. It is narrow and very curvy.

Mr. UDALL. Let me take two or three other quick subjects and then I will let some of my friends here get into the act, too.

As a person who is experienced in maritime work, what is the most responsible, most difficult, most hazardous, most stress-filled pilot-type job in U.S. water, continental, New York, San Francisco, wherever it would be—what is the most responsible, stress-filled piloting job you can think of in the United States?

Captain McCLEAN. Offhand I could not say. Perhaps the Houston Ship Canal.

Mr. UDALL. Is this worse, is there more stress, more tension, more difficulty, more responsibility at Houston, or doing what you fellows do?

Captain McCLEAN. There is no comparison because the master of the ship has the responsibility for the navigation of movement. And the pilot in any port of the United States is only there in an advisory capacity. So should an accident occur or something of that nature, the pilot is not necessarily responsible.

Mr. UDALL. Would a top pilot at Houston or New York get paid more than you fellows do?

Captain McCLEAN. Considerably more; yes, sir. Houston ship channel pilots made \$28,000 last year, for example.

Mr. UDALL. You have compiled and I commend you for your diligence and very interesting statistics attached to your report. These cover a 14-year period?

Captain McCLEAN. Yes, sir.

Mr. UDALL. Are these complete? Do these cover every single pilot?
Captain McCLEAN. These do not include pilots who have quit.

Mr. UDALL. I understand.

Captain McCLEAN. We have had men come down for 2 years and leave. This is referring to career pilots who have stayed over 5 years, 7 years actually.

Mr. UDALL. But you have all career pilots in here. You haven't selected the ones that had illness or died prematurely. This is a complete picture?

Captain McCLEAN. This is the complete picture because we haven't had that many pilots employed in the entire history of the Canal Company.

Mr. UDALL. Can you summarize for us, as against the figures we just had a moment ago, the average Federal employee living 16 years after retirement, taking this group as an average, how many years after retirement would they continue to be among the living?

Captain McCLEAN. We have only had 28 men since the inception of the Panama Canal Company in 1914, who lived to age 62 and retired without going out on medical disability, who retired on full annuity. That is 28 out of 159 men. The average life expectancy of those men, and I include a very high year in there as one pilot lived to be in his 80's—I don't recall his name—runs between 4 and 6 years.

Mr. UDALL. Old pilots never die or something. Tell me this—this really bothers me, because I was questioning the preceding witness—would you agree generally with his statement that if you transported 100 people who are working here in Washington in desk jobs or manual jobs to the Canal Zone, would you think their life expectancy would be dramatically shortened as a general thing?

Captain McCLEAN. No, sir.

Mr. UDALL. Why is it, then, you have such a sharp and diverse experience with Canal pilots?

Captain McCLEAN. Generally speaking I would say it is the responsibility that we assume. We are cognizant of our responsibility the entire period that we are working that day. I am cognizant of my responsibility when I get called in the morning, and I continually remain in this state of tension, or with this sense of responsibility; or at least I'm cognizant of the condition and problems that we are required to face, in transiting a ship, until I actually get off that ship on the other side, regardless of any delay time in the lake, for example.

Mr. UDALL. Do you believe this accounts for the drastic shortening of life expectancy?

Captain McCLEAN. That, and perhaps the irregular hours, irregular eating habits. We eat, of course, on these ships; and we eat what they serve us and, in some cases, it isn't always too good. This all adds up. We have men with stomach disorders that I would say are brought on by this change of food.

Mr. UDALL. Is there any greater occurrence of ulcers among your group than among ordinary population?

Captain McCLEAN. I couldn't say, sir.

Mr. UDALL. With regard to the skin cancer question raised earlier, I think it was indicated you had something in the range of 100 active pilots. How many of them today, that you know of, have skin cancer or have had it in the last year?

Captain McCLEAN. I would hazard a guess that perhaps 10 percent have skin cancer today.

Mr. UDALL. Right now?

Captain McCLEAN. Right today; and I would say that another 10 percent, which would be a total of 20 percent, have had them removed within the past 10 years.

Mr. UDALL. Have any of these deaths you reported been skin cancer deaths, that you can recall?

Captain McCLEAN. None, I don't think, could actually be attributed to skin cancer. However, what actually goes on after skin cancer starts, I don't know. It may go into other places.

Mr. UDALL. Mr. Chairman, I have taken more time than I should have. In fairness, I yield the floor.

Mr. GROSS. Captain, do you have trouble recruiting pilots?

Captain McCLEAN. The actual recruitment, I would say no. It is a highly coveted position for any master mariner, because he does have an opportunity to live with his family.

Mr. GROSS. Wouldn't you think that is strange, in view of the figures you have submitted to the committee with respect to mortality?

Captain McCLEAN. No, sir; because I feel, as Captain Vantine and the rest of the pilots down there, that we will be in the percentage that makes, it you see.

Mr. GROSS. I didn't get that last?

Captain McCLEAN. We feel that we will be in the percentage that retires in good health.

Mr. GROSS. So, you have no trouble with recruiting. Do you, in fact, have a waiting list?

Captain McCLEAN. We always have available applicants. Whether they can qualify for the position or not, that is another thing.

Mr. GROSS. I understand that; but you do have a waiting list, is that correct?

Captain McCLEAN. Yes, sir.

Mr. GROSS. Now, this Houston pay—and you admit that this is probably the most difficult piloting job—I believe that was your statement?

Captain McCLEAN. In comparison with our work, yes, sir.

Mr. GROSS. In comparison with your work. Is this straight pay or does this include overtime?

Captain McCLEAN. This is done on a yearly share basis.

Mr. GROSS. I think I could agree with you, as a layman, that the Houston ship channel is probably the most difficult I have seen. I have ridden over the thing, and I have ridden over the Panama Canal, and I think I could agree with you that it is more difficult. The Houston pilots do not get any of the fringe benefits that you do, do they?

Captain McCLEAN. They have their own company, Congressman Gross, and what they take from that company is almost a top secret, even in past hearings on other matters of legislation. The American Pilots Association is extremely reticent to bring forth certain facts as to what they do and what they do not receive in their own company.

Mr. GROSS. When you say they get a certain amount of money, do you have some certain knowledge as to what they get?

Captain McCLEAN. We had a pilot who left the Canal organization 2 years ago, after working there 2 years. His name was Captain Tuttle, and he told another pilot—who is from the same area—that is what their share was last year.

Mr. GROSS. Where do you get your recruits for Canal Zone pilots?

Captain McCLEAN. From the maritime industry; from all American steamship companies.

Mr. GROSS. A young man coming out of the Merchant Marine Academy, for instance—would he enter as an apprentice pilot?

Captain McCLEAN. No, sir.

Mr. GROSS. How much seafaring would he have to have?

Captain McCLEAN. He must have sailed 7 years on the bridge as an officer, of which 1 year must have been as master mariner, and that is what the Canal Company wants. To achieve this in the industry, it takes approximately 15 years from entrance as either a cadet or ordinary seaman. That is the trend of the industry before you can be a captain on a ship.

Mr. GROSS. Your salary schedule ranges from approximately \$11,000 to \$17,000, is that correct?

Captain McCLEAN. Yes.

Mr. GROSS. Do you make as much as \$1,500 overtime?

Captain McCLEAN. We average, in a year's time, including holiday compensation—our average would probably run in the neighborhood of \$1,500; yes, sir.

Mr. GROSS. For all pilots?

Captain McCLEAN. Well, it depends on the grade of pilot—overtime rate varies.

Mr. GROSS. Some more and some less, but the average would be \$1,500?

Captain McCLEAN. As an average, I would say yes.

Mr. GROSS. So some are making \$18,500 a year?

Captain McCLEAN. Inclusive of overtime, yes, sir.

Mr. GROSS. You do have housing. As a matter of curiosity, what rent do you pay? Are rents in the Canal Zone for your living quarters high?

Captain McCLEAN. It depends on the availability of certain housing. I would hazard a guess that the average rent per year runs about \$1,000.

Mr. GROSS. About \$1,000?

Captain McCLEAN. Yes, sir.

Mr. GROSS. Less than \$100 a month?

Captain McCLEAN. Average rent, yes, sir. They have a little better quarters, and some aren't so good. This is the average.

Mr. GROSS. Explain plug-in time, will you please?

Captain McCLEAN. Plug-in time—we are employed on a contract basis for a 2-year period, for which the Panama Canal Company guarantees us an annual salary. If I work, for example, 35 hours this week, the Canal Company has, what we would consider, a gratuity of the additional 5 hours, in order to stay within the contract of paying me for 40 hours a week over a year's period. So if I don't work the 40 hours, they don't take anything away from me. They plug me in for the additional hours. I am available 6 days a week to the Panama Canal Company and, if they cannot utilize my services, they

give me that extra time. The average plug-in time, though, doesn't run too high. On the other hand, we normally stand by from midnight until 0900 each morning without timing credit; in other words, the Panama Canal Company can call me any time from midnight until 9 o'clock. We stand by at home for that purpose. That is not considered standby time, as far as timing is concerned, but I am obligated to be there at my telephone from midnight until 0900 in the morning.

Mr. GROSS. I have another question or two, but I think I should let someone else ask a few questions.

Mr. OLSEN. Mr. Daniels.

Mr. DANIELS. Mr. Chairman, I apologize for coming in late. I was tied up in another committee prior to coming here. I did not hear this witness' testimony, but I am familiar with the issue before the committee so I will forgo asking any questions.

Mr. OLSEN. Thank you, Mr. Daniels.

Mr. JOHANSEN.

Mr. JOHANSEN. Mr. Chairman, just to clarify the record, what is the normal legal retirement age for these pilots? Is it 62?

Captain McCLEAN. Yes, sir.

Mr. JOHANSEN. Am I to gather, therefore, from the second page of these statistics that since June 1949, out of a total of 52 career pilots who left the service, only 11 had attained this retirement age of 62?

Captain McCLEAN. Yes, sir, that is correct.

Mr. JOHANSEN. Is that correct?

Captain McCLEAN. We have taken all the pilots back through 1949.

Mr. JOHANSEN. And the total is this 52?

Captain McCLEAN. Since 1949, yes, sir; except the ones who have been there, say, 2 years and departed or quit.

Mr. JOHANSEN. Who wouldn't be eligible?

Captain McCLEAN. Who wouldn't be considered as career pilot or eligible; that is correct.

Mr. JOHANSEN. And you are basing your case on the relatively high percentage of those who either die in service or retire at an average age of 53.5 years, due to medical disability?

Captain McCLEAN. Yes, sir. If I might mention one other point, at the subcommittee hearings regarding legislation of this nature last year, we submitted a complete list, which went back through 1914, so those figures are available, but to keep the list brief, as brief as possible, we just chose as an arbitrary figure 1949. But a complete list is on record.

Mr. JOHANSEN. Also to clarify the record, this 42 percent who were discharged for medical disability, were all of them or certain ones of them eligible for reduced retirement benefits?

Captain McCLEAN. They all went out at reduced retirement benefits on medical disability.

Mr. JOHANSEN. In other words, the disability constituted reduced or conversely, the reduced benefit was the disability payment?

Captain McCLEAN. Yes, sir.

Mr. JOHANSEN. I was out of the room for a moment. I don't know whether any question was asked about any retirement program for these Houston Canal employees?

Captain McCLEAN. Sir, I am not qualified to enlarge on that because I don't know how the outside pilot organizations work their retirements.

Mr. OLSEN. You ought to tell Mr. Johansen why. I don't think he heard why.

Captain McCLEAN. The main reason, of course, is they make considerably more money than we do. Their shares are such that they can take considerably more money. I am told offhand by a pilot from the Branch Bar Association, which takes the ships over the New Orleans Bar—a transit of about 16 miles—and then a river pilot boards the ship and takes the ship up to New Orleans, for example, and then another pilot will dock the ship, that the Branch Bar pilots average \$3,000 a month for 2 weeks' work. They are on 2 weeks and off 2 weeks, so that is \$36,000 a year that they took from their association. Now how they arrange this, I don't know.

Mr. OLSEN. You don't know what other benefits the association may buy for those members?

Captain McCLEAN. That is true, I don't know. I assume they have a medical plan of some sort. I know the master mates and pilots do—the industry does. They had a welfare plan of which we took advantage when we went to sea, but we can't take advantage of that plan now, of course.

Mr. UDALL. Mr. Chairman, I wanted to ask Mr. Gross whether that \$3,000 a month would be within the administration's guidelines.

Mr. GROSS. Do you mean to tell me, if I may, Mr. Chairman?

Mr. OLSEN. Certainly.

Mr. GROSS. Do you mean to tell me that they are paid \$3,000 for 2 weeks and then off 2 weeks?

Captain McCLEAN. They normally work 2 weeks at Pilot Town and then they go home. Most of them live in New Orleans because Pilot Town is not the best place to live.

Mr. GROSS. If this is true and they are paid \$3,000 for 2 weeks, this means that they get \$78,000 a year.

Captain McCLEAN. Well, sir, that is based on a monthly rate. Their actual work is 2 weeks on and 2 weeks off, but they are paid for that month, we will say, \$3,000.

Mr. GROSS. Oh, \$3,000 a month?

Captain McCLEAN. Yes, sir; but that includes 2 weeks off.

Mr. GROSS. That is still \$36,000 a year.

Mr. JOHANSEN. Of course, the record should show, whatever their situation is, that it is not to be held either for or against the Panama Canal pilots.

Captain McCLEAN. It has no bearing on our situation, actually.

Mr. GROSS. Let me see if I get this. You are paid a scale from \$11,000 to \$17,000 a year and the average overtime is from \$1,500 a year. You get meals on board ships. You are away from your home 3 days a week approximately, but you are not a captain of a ship at sea. What kind of money does the captain of a commercial ship get? Of course, I realize that there are various classifications?

Captain McCLEAN. There are. An A-3 master today receives \$20,000 and some extra. The actual figure I am not positive of, but it runs around \$20,000-and-something for 9 months' work. He is entitled to 3 months' vacation. They have other benefits, too, of course.

They have a pension and welfare plan and they are going for other things such as retirement at age 55 and free hospitalization.

Mr. GROSS. You are getting rent at less than \$100 a month. I have the feeling, Captain, that you are pretty well take care of as of now. I could, of course, be wrong. I have been.

Mr. OLSEN. Any more questions? Mr. Barry.

Mr. BARRY. Thank you, Mr. Chairman.

I noticed in your testimony, Captain, that you indicated because you were small in number, that the Civil Service Commission may have turned down your request here. I wondered if you really felt that it was because you are small. I notice here on page 3 you indicate there were 80 amendments and several Executive orders that even brought certain Congressmen and other special groups and you use the word "certain." I wondered what you meant by that. Why the comparison here to largess and why to "certain" Congressmen? I don't understand that.

Captain McCLEAN. There was no reflection to be construed as being derogatory in this regard. We use that as an example that it has been amended. Our group is small. Perhaps other groups who want to come in under some sort of hazardous occupation might cost the Government considerable money in this regard, whereas I was trying to point out that since our group is small and since the statistics do bear our conversations out, that it wouldn't cost the administration anything, rather the Bureau of the Budget.

Mr. BARRY. You do recognize that within Government and within the Civil Service Commission, there have been charted over a long period of years certain policies that have not yet realized any breakthrough. And when you get into discussion of the comparison, you take the legislature and utilize that as a reason. I think you are on awful thin ice when you do this.

Now, as in these other 80 amendments you refer to, if you took some of the amendments and showed their applicability to actual cases, I think your argument and your case might be better founded.

Now I want to ask if retirement is compulsory. Is this a compulsory thing?

Captain McCLEAN. At age 62, yes, sir.

Mr. BARRY. I don't mean that. Is the retirement plan a compulsory thing? May a pilot elect or not elect retirement?

Captain McCLEAN. He may not. It is compulsory, in answer to your question.

Mr. BARRY. Who compels a pilot to take retirement? What is the governing body?

Captain McCLEAN. It is a condition of employment actually with the Panama Canal Company. Everyone who works with the Panama Canal Company has to take retirement.

Mr. BARRY. The Panama Canal Company itself?

Captain McCLEAN. Yes, sir.

Mr. BARRY. Do you know if the Panama Canal Company ever investigated any private insurance companies with regard to a substitution of the governmental policy that is in force here to see whether or not there is something the Canal Company could buy that would be tailored more to the needs of the men who are recipients of this retirement plan or who are participants in this plan?

Captain McCLEAN. To my knowledge they have not investigated that possibility.

Mr. BARRY. Would you think this would be something perhaps the pilots association could ask the Canal Company or indeed do it yourself and try to find some method to attain your goals? I think from reading the statistical analysis of some of the results of the retirement plan, where you say that a man is probably participating to the extent of \$40,000 and has really under the logic of this amendment, little opportunity to recover it, I can understand why he would be somewhat reluctant to participate in the plan and would come in here to Congress or any place else he could get a return for his participation.

Mr. Gross has been pounding away at total compensation and I am certainly satisfied, and I am sure that others would be satisfied too, that perhaps on a total compensatory basis, the pilots feel themselves reasonably well off or they wouldn't line up to get the jobs in the first place, but that does not go to the heart of what you are in here for.

You are in here as to "Why do I pay \$40,000 and get nothing out, or very little out?" I wonder if you could suggest to the Canal Company or to your own association, a look into private plans and then come in here or the Canal Company—I don't know if they are chartered by us and I don't know if they are directed by the Congress in that charter to sustain a program for retirement, but if they are and you found you could get return for your \$40,000 investment, and I don't think insurance companies will take advantage of you to the extent that this apparent plan here is taking advantage of you, we could relieve the Canal Company of that responsibility. Or if the Canal Company of its own has a right to implement a plan as a condition of employment, they, by their own direction and decision, could eliminate the plan and buy it elsewhere or see to it that the association itself made some suitable arrangements of setting up a fund for that purpose.

Mr. GROSS. Will the gentleman yield for a question?

Mr. BARRY. Yes.

Mr. GROSS. Do I understand you to say by law you are compelled to retire at age 62?

Captain McCLEAN. Yes, sir.

Mr. GROSS. This is true.

Mr. JOHANSEN. Will the gentleman yield for a further question? It wasn't clear to me just where this \$40,000 figure originated. What is that \$40,000?

Captain McCLEAN. We pay $6\frac{1}{2}$ percent, and you may correct me if I'm wrong, but I think it is $6\frac{1}{2}$ percent of our pay into this retirement fund. The Canal Company matches that and the Bureau of Budget picks it up for another 7 percent, if I am not mistaken.

Mr. JOHANSEN. So it is a total of 20 percent?

Captain McCLEAN. Yes, sir; so we have taken the arbitrary figure of \$1,000 that the average pilot puts into the retirement fund. At 3-percent interest, we have compounded this figure up so that the second year, it would be \$1,030, times 3 percent, times 3 percent, over this period of years. That is where we came up with the figure.

Mr. JOHANSEN. So \$40,000 represents 20 years of participation?

Captain McCLEAN. From age 35 to 62; 27 years.

Mr. JOHANSEN. Twenty-seven years; and that is the pilot's contribution exclusively that is represented by the \$40,000?

Captain McCLEAN. That is right; that is the figure.

Mr. JOHANSEN. I felt I understood the testimony earlier to the effect that it was assured a person would get out of this plan what he put into it. Am I confused? Did I misunderstand that testimony?

Captain McCLEAN. We chose, of course, to show that it is broken into three portions. This is our portion, this is the Company's portion, and this is the Bureau's portion, and we chose to show or to describe that our portion, we will say, comes first. That is the money we are using. That is the money that comes out.

Mr. JOHANSEN. That is \$40,000.

Captain McCLEAN. Then the other two portions are split up. We chose to show it this way. However, in the actual payments of the annuities, the total fund, whatever that may be—let us assume three times \$40,000 is \$120,000. A certain amount is taken each year from the total and not just our portion, of course.

Mr. JOHANSEN. Well, I am trying to reconcile this talk about the \$40,000 with my understanding of the earlier testimony that the employee or his widow were assured of getting out of it at a minimum of what they had put in. Now, is that true?

Captain McCLEAN. It is true. Under the present statistics we show that we are not living long enough to get our \$40,000 back.

Mr. UDALL. Will the gentleman yield?

Mr. JOHANSEN. Who does get it back, and then I will yield? Somebody testified that it was gotten back.

Captain McCLEAN. It stays in the Treasury of the United States, I assume, or Bureau of the Budget coffers.

Mr. JOHANSEN. It isn't the employee or his family that gets it back?

Captain McCLEAN. Well, you have an option, sir, of taking a high retirement for yourself as a pilot or you can take a second option—which is a reduced annuity—so, should you die, then your wife will receive this annuity until she dies. It doesn't pass on down to children or anything. It is either yours or your wife's. So, if the pilot dies—if he has chosen this option—his wife will receive an annuity until she dies.

Mr. JOHANSEN. Then, I want to ask one other question.

Mr. UDALL. The gentleman has hit on a very important point. Mr. Ruddock made the statement, in answer to my inquiry at the beginning part of this hearing, that there was no situation under which a person covered by the Federal retirement system could get back—he or his survivor could get back—less than the contribution. He is still here. I would like him to comment on this point and on this apparent conflict.

Mr. RUDDOCK. The Retirement Act assures the employee that he or his survivors will get back every penny he has put into the retirement fund. Let's assume he retires and receives an annuity for a time. Let's assume, at his death, we pay a survivor annuity to a widow and any children under 18, or to children between 18 or 21, who are attending school. When the last survivor, who is qualified for annuity, ceases to be qualified, if there is any balance remaining of his own contributions to the fund, that is payable in a lump sum. It is paid,

first, to a designated beneficiary and, if none, to a surviving spouse; and, if none, to children; and, if none, to the parents, executor-administrator of the estate, or next of kin, under the laws of the domicile of the decedent.

Mr. JOHANSEN. But the distinction is that it is actual amounts paid in and it is not this compounded interest?

Mr. RUDDOCK. No, sir.

Mr. JOHANSEN. Isn't that the distinction?

Mr. RUDDOCK. Perhaps it is.

Mr. JOHANSEN. I mean to say he wouldn't get \$40,000, because the \$40,000 is computed on the basis of compounded interest.

Mr. RUDDOCK. The \$40,000, I would gather, assumes a nonexistent interest factor. Under the Retirement Act, once an employee has at least 5 years of civilian service, then he enjoys, instead of interest, the protection against disability or death, so that, if he becomes disabled or dies, he or his survivors will receive an annuity.

Mr. JOHANSEN. Let me ask either of the witnesses, forgetting the interest factor, how much money out of your salary as a pilot, for this same period on which you based the \$40,000 estimate, what would that \$40,000 be without regard to the interest? How much would he have put in?

Mr. RUDDOCK. Assuming quickly a salary of approximately \$17,000, 6½ percent with 26 years of service, I think we are talking about something in the neighborhood of \$27,000.

Mr. JOHANSEN. Rather than the \$40,000?

Mr. RUDDOCK. Yes. I might point out that the deduction rate has not always been 6½ percent. It started at 2½ percent and has gradually grown. No ship pilot, to my knowledge, as of today, has contributed as much as \$27,000 to the retirement fund.

Mr. JOHANSEN. Thank you. Mr. Chairman, I have just one other observation. I have had my differences of opinion with the Civil Service Commission, but I am not sure that this is a fair statement as found at the bottom of page 2:

From the testimony given by the agencies opposing this legislation, it is readily apparent that the opposition is not to H.R. 2030 particularly, but against any and all progressive changes in the Civil Service Retirement Act.

I think that is a pretty sweeping accusation. I don't think it is fair.

Captain McCLEAN. In regard to that statement, I would first like to add this is a composite letter of three or four pilots' thinking. This was in reference to the various other types of legislation that want to come in on this Retirement Act, or for other amendments to the Retirement Act. So we have made the general statement that none of these will be acceptable to the Civil Service Commission.

Mr. JOHANSEN. Does the statement really mean what it appears to mean, that the agencies that are testifying against this legislation are against any and all progressive changes in the Civil Service Retirement Act?

Captain McCLEAN. To be more specific, we were referring to our own.

Mr. JOHANSEN. I am glad to have it clarified because, as I say, I have had my differences with the Commission, but I don't think this is a fair or accurate indictment.

Mr. UDALL. What you are saying, in effect, is that you want your plan to be considered on its own merits and not be summarily rejected because some other groups might or might not be entitled to consideration.

Captain McCLEAN. That is correct.

Mr. GROSS. One other question, Mr. Chairman, if I may. Am I correct that 54 of the pilots out of the 110 total number—

Captain McCLEAN. That is 128.

Mr. GROSS. Well, 54 are in the \$17,000 bracket?

Captain McCLEAN. If the statement was made, sir, I can't dispute it.

Mr. GROSS. I don't know that the statement was made. I have been informed that 54 of the total number of pilots are in the \$17,000-a-year bracket.

Captain McCLEAN. Yes, sir; we probably have 54 senior pilots.

Mr. JOHANSEN. Possibly the assistant to the Governor can answer that?

Mr. RUNNESTRAND. That is correct. May I correct one other thing about the authority of the agency to not apply the Civil Service Retirement Act. By law, it is applicable to our employees—all of them—on the same basis as to all Federal employees, so neither the employee or agency has any option. It would require an amendment to the law to take pilots out of it and to pursue any other independent course.

Mr. OLSEN. The Congress has preempted the field, and they have directed that you shall be members of the Federal Employees Retirement System?

Mr. RUNNESTRAND. Yes, sir.

Mr. OLSEN. So that is your exclusive retirement system?

Mr. RUNNESTRAND. Yes.

Mr. OLSEN. Just as it is for other Federal employees?

Mr. RUNNESTRAND. Yes.

Mr. JOHANSEN. And participation is mandatory and not optional for the employees?

Mr. RUNNESTRAND. That is correct. If it would be helpful to the committee, I would like to suggest, if you think it would be helpful, for the record, a statement of the pilots' conditions of employment, which contains the salary ranges and matter of premium pay, holiday pay, and group insurance.

Mr. OLSEN. Without objection then, this document tendered me—"Panama Canal Company Pilots' Conditions of Employment"—will be incorporated in the record at this point. That is dated February 14, 1963.

(The document follows:)

PANAMA CANAL COMPANY PILOTS' CONDITIONS OF EMPLOYMENT

Panama Canal Company pilots are compensated in accordance with the following salary schedules:

<i>Designation</i> ¹	<i>Annual salary rates</i>
Pilot-in-training (6 months)-----	\$11,003.20
Pilot, probationary (1 year)-----	12,454.70
Pilot-----	13,906.20
Pilot (over 1½ years)-----	14,485.63
Pilot (over 3 years)-----	15,354.77
Pilot (over 4½ years)-----	15,934.19
Pilot (over 6 years)-----	16,513.62
Pilot (over 7½ years)-----	17,093.04

¹ Years of service refers to service performed as a qualified pilot.

Currently, 54 out of 110 qualified pilots of a force of 131 are at the top \$17,093.04 step.

Pilots in the Canal Zone perform services under the following general conditions.

(a) *Workweek*.—A basic workweek of 40 hours, which consists of the first 40 hours of duty performed in an administrative workweek. Pilots average approximately three trips during this 40-hour workweek.

(b) *Premium Pay*.—Time-and-one-half pay after 40 hours, including all travel time in any workweek, or about \$12.33 per hour for top-step pilots. In fiscal year 1962, pilots averaged 6 overtime hours each per pay period.

(c) *Holiday Pay*.—Double pay for work performed on holidays, not to exceed 8 hours; straight-time pay for any hours in excess of eight. Pilots in the top step receive about \$175 for a canal transit on a holiday, depending on the length of time in transit.

(d) *Standby Pay*.—A pilot is authorized full payment for the time he is required to stand by in pilots' room waiting for a transiting vessel.

(e) *"Plug-in" Time*.—In cases where a pilot does not perform 40 hours of work and/or travel during an administrative workweek, he is credited with, and given, full pay for the difference between the combined work and travel and 40 hours. During the fiscal year 1962, the available pilot force averaged approximately 7.8 hours of "plug-in" time biweekly.

(f) *Retirement*.—Pilots have eligibility for retirement, under the U.S. Civil Service Retirement Act, which is mandatory in the Canal Zone at age 62 for U.S. citizens with 15 years or more of isthmian service. A pilot with 30 years of total U.S. Government service will receive a base annuity of about \$9,500 after 5 years at present salary rates. Canal pilots contribute 6½ percent of their base pay, which percentage is matched by the Company, toward the civil service retirement fund.

(g) *Leave*.—Combined sick and annual leave benefits, amounting to 324 hours a year with a maximum accumulation of 720 hours. The same leave system is applicable to all pilots regardless of their years of service. A travel-leave allowance of 40 hours each year is given, provided an employee remains in a temperate climate for at least 30 days.

(h) *Travel time*.—In addition to credit for the actual hours of transit, Panama Canal pilots receive an arbitrary travel allowance of 2½ hours for return across the isthmus for each Canal transit. This travel time is compensable as if it were work time.

(i) *Home-leave transportation*.—Free home-leave travel every 2 years to the pilot's place of actual residence in the United States for himself and his family is allowed. This averages approximately \$1,375 per family every 2 years.

(j) *Reduced-rate transportation on Company-owned vessel for himself and family*.—Round trip ocean travel on the SS *Cristobal*, a Company-owned vessel, to New Orleans is subsidized in the amount of 75 percent, and is available annually if the pilot does not elect to take free home-leave travel. This would cost the pilot about \$100 per round trip per person.

(k) *Injury compensation*.—Compensation for disability and death, and full medical care for pilots who suffer injuries in the performance of their duties under the provisions of the Federal Employees' Compensation Act. This includes an entitlement to 75 percent of any salary or wage loss due to disability from a work injury after annual leave has been exhausted.

(l) *Official transportation*.—A pilot is provided official transportation from his home to the place where he boards launches en route to transiting ships and also official transportation from docks back to his home at the end of the transit.

(m) *Taxes*.—Federal income tax is withheld. No other excise, sales, or property taxes apply in the Canal Zone.

(n) *Meals*.—Pilots are furnished meals aboard vessels while working and at Panama Canal Company expense at the completion of a transit prior to their returning home.

(o) *Housing*.—Government-owned housing is provided pilots on a nonsubsidized basis, the rent of such depending upon the size and type of quarters occupied. Assignments to quarters in the Canal Zone are generally made on the basis of employees' length of service.

(p) *Employee group health insurance coverage*.—Pilots are eligible for Federal Government group health insurance providing hospital room, miscellaneous hospital expense, surgical expense, maternity, and major medical expense benefits. The cost of such is shared by the employee and the Panama Canal Company, each paying one-half of the premium. A modified, low-cost conversion policy is available to retiring employees.

(q) *Federal employee group life insurance coverage.*—Eligibility for life insurance and accidental death and dismemberment insurance under the Federal Employees' Group Life Insurance Act. This insurance is term insurance and builds no cash, loan, or paid-up or extended insurance equities. The cost is shared by the employee and by the Government as his employer, the employee paying two-thirds of the cost. The amount of insurance carried by each employee is an amount equal to the current rate of his annual compensation if such rate is a multiple of \$1,000; if not a multiple of \$1,000, then to the next higher \$1,000.

Mr. RUNNESTRAND. And here is a statement entitled "Canal Zone Merit System Qualification Standard" which might be helpful.

Mr. OLSEN. Without objection, that qualification standard will be incorporated in the record at this point.

(The document follows:)

CANAL ZONE MERIT SYSTEM QUALIFICATION STANDARD, SEPTEMBER 1960

PILOT¹

Duties.—Performs duties involving the piloting of ships in Canal Zone waters, the terminal ports, and through the Panama Canal.

1. Pilot in training

(a) Applicants must hold a license, issued by the U.S. Coast Guard, as master of steam or motor vessel, any gross tons, any ocean.

(b) Applicant must have served as chief mate (or master) on oceangoing vessels of 1,000 or more gross tons for 1 year while holding master's license.

(c) Applicant must have served as towboat master with the Panama Canal for at least 3 months.

2. Pilot

(a) Applicant must have served as pilot in training with the Panama Canal Company for at least 6 months.

(b) Applicant must have satisfactorily passed a written examination given by the Canal Zone Government Board of Local Inspectors.

(c) Applicant must have satisfactorily completed the training prescribed by the Panama Canal Company.

POSITION SPECIFICATION, PANAMA CANAL COMPANY

Duties and responsibilities

Under direction of the port captain and assistant port captain, serves as canal or harbor pilot for the Panama Canal Company aboard any craft entering or under way in the Canal Zone waters or transiting the Panama Canal, and performs related work as required.

(NOTE.—The Panama Canal is approximately 45 miles long and is characterized by bends of varying sizes and degrees, tidal and lock currents of varying intensities, and a navigable channel of different widths, and six concrete lock chambers, each 1,000 feet long and 110 feet wide. Each complete transit involves six separate dockings and undockings, and an average transit time of 8 to 10 hours, with large ships passing and meeting while transiting.)

Examples of work performed

Boards any foreign or U.S. ship in Balboa Anchorage or Cristobal Harbor from a small launch; takes place on bridge and serves as pilot in complete control of the navigation and movement of ship while in Canal Zone waters, including ships of all sizes, at all hours.

Gives instructions and is responsible for enforcement of canal regulations and safety measures; is in charge of vessel underway in Canal Zone; and, from a navigational aspect, is responsible for safety of passengers, crew, and vessel.

Receives from the marine traffic controllers information by radiotelephone as to the location and direction of travel of other ships in harbor and in the canal and interprets a variety of channel markers and signals. Gives orders

¹ Employees are designated as "pilot in training" during first 6 months of service and are automatically promoted to pilot upon satisfactory completion.

to: ship's captain or other officer as to courses, orders to the rudder and engines; to lockmaster as to speeds at which towing locomotives are to be operated through the locks, and to towboat masters, when towboats are required.

Minimum qualifications

Sec. 10.50. *Pilot, Panama Canal.*—The minimum requirements to qualify an applicant for license as Panama Canal pilot are as follows:

- (a) He must have completed high school or its equivalent;
- (b) He must have been not less than 25 years of age and must not have reached his 36th birthday at the time of his employment as pilot in training by the Panama Canal Company. This requirement may be waived by the supervising inspector for an applicant who had not reached his 39th birthday at the time of his employment as pilot in training; and
 - (1) Possesses exceptional marine experience, or
 - (2) Immediately prior to the time of his employment as pilot in training was an employee of the Panama Canal Company or the Canal Zone Government who was reached for reduction in force or whose rate of pay was frozen incident to a change in the pay base or in the security designation of his position;
- (c) He must hold a license, issued by the U.S. Coast Guard, as master of steam or motor vessels, any gross tons, any ocean;
- (d) He must have served 1 year as chief mate of ocean steam or motor vessels of 1,000 gross tons or over;
- (e) He must have been employed as master, towboats, by the Panama Canal Company for at least 3 months prior to appointment as pilot in training;
- (f) He must have been employed as pilot in training by the Panama Canal Company for a period of 6 months;
- (g) He must have satisfactorily completed the training prescribed by the Panama Canal Company; and
- (h) He must have passed an examination given by the board of local inspectors.

Captain McCLEAN. Mr. Chairman, can I make two more statements.

Mr. OLSEN. Yes, sir.

Captain McCLEAN. The present pattern, in the entire marine industry, is for officers to retire after 20 years regardless of any age; in other words, 20 years of service at any age. That is the pattern in the industry.

Mr. JOHANSEN. Let me interrupt right there. Is that 20 years as an officer or 20 years in the maritime service?

Captain McCLEAN. The service is broken into unlicensed personnel and licensed personnel. They all follow the same vein in that respect. I am referring mainly to Masters, Mates and Pilots Association, with which we have a charter, and there the trend in the entire industry, including unlicensed personnel, all encompassing, is 20 years at any age.

Mr. JOHANSEN. In any type of service?

Captain McCLEAN. It would be, of course, on ships.

Mr. JOHANSEN. Yes, any category of employment on ships.

Captain McCLEAN. Yes.

Mr. OLSEN. The category of employment as pilots or —

Captain McCLEAN. It would be as officers on the ship itself or unlicensed personnel of the ship. That is the trend of the industry.

Mr. OLSEN. But it is officers on a ship?

Captain McCLEAN. Yes, sir. That would be for a third mate, second mate, chief mate, captain, regardless, the trend is for 20-year retirement at any age. In other words, you could sail 20 years as third mate and retire, maybe sail as master 15 years and 5 as chief mate, something like that.

Mr. UDALL. Mr. Chairman, I know these gentlemen have gone to a good deal of expense to come here and I want to be sure they have

a full opportunity to present their case. Was it the gentleman's thought to adjourn? We are in violation now. Was it your thought to ask them to come back or was it the thought we had concluded most of the testimony?

Mr. OLSEN. I was going to ask the witness if this concluded his testimony. If not, we will have to recess until we can continue the hearing.

Captain McCLEAN. I only have one other statement and it will just take a second.

Mr. UDALL. And then you would feel you have had an adequate opportunity. Mr. Chairman, I would suggest he go ahead.

Captain McCLEAN. I would like to say that over a period of 15 years, H.R. 2030 would affect 54 men, should they choose to retire at age 55, which would be optional, and in which case, it would not present any undue hardship on the Panama Canal Company itself because other pilots could be brought into the service and trained, should this bill be enacted into law. We would lose 54 over a period of 15 years, should they so desire to retire at age 55.

Mr. JOHANSEN. Let me be sure I understand this. You mean that this is the turnover that would result?

Captain McCLEAN. The possible turnover.

Mr. JOHANSEN. The maximum possible?

Captain McCLEAN. Maximum turnover possible would be 54 men.

Mr. JOHANSEN. This doesn't mean that these liberalized provisions would not apply with respect to all subsequent personnel or all subsequent pilots?

Mr. OLSEN. On that point, Mr. Johansen, I think he means that because of the qualifications for the job, this would be a constant figure because to get on as a pilot in the canal, you must be 36 years of age, as an average. You can't hardly be much younger and have the the experience required, so that with the present number of employees in the canal, unless they increase the number of employees in the canal, it would come to about 54 pilots.

Mr. JOHANSEN. Level off as a continuing figure?

Captain McCLEAN. Yes, sir. The figure, therefore, of course, wouldn't run that high. I projected this over a 15-year period. It would average, I would say, somewhere in the neighborhood of four men per year, roughly. In other words, the average wouldn't go any higher than it is today.

Mr. OLSEN. I have one question in the back of my mind. Your life experience with Panama Ship Canal pilots on retirement at age 62 is 4 years. You said today, 4 to 6 years.

Captain McCLEAN. Four to six.

Mr. OLSEN. So if there was a change made where there would be retirement at age 55, you would be attempting to increase the life experience after retirement from 4 to 6 years to 11 to 13 years?

Captain McCLEAN. Plus 7 years; yes, sir.

Mr. OLSEN. And that would compare with the overall average of Federal employees retiring at age 62 having 16 years' experience?

Captain McCLEAN. Yes, sir.

Mr. OLSEN. That is fine.

We will now hear from Mr. John F. Griner, president, American Federation of Government Employees.

**STATEMENT OF JOHN F. GRINER, NATIONAL PRESIDENT, AMERICAN
FEDERATION OF GOVERNMENT EMPLOYEES**

Mr. GRINER. Mr. Chairman and members of the subcommittee, it is the view of the American Federation of Government Employees that the bill H.R. 2030, introduced by Representative Morrison, would add a soundly premised amendment to the Civil Service Retirement Act.

We believe the bill has merit, and that it would provide modest recognition of a type of Government service that is well deserving of inclusion in the category which permits retirement at an age earlier than that required for voluntary retirement. It should be recognized that the service of Panama Canal ship pilots is arduous and exhausting and is characterized by a degree of responsibility which creates extreme tension.

Applicants for the position of pilot must hold a license issued by the Coast Guard for master of a steam or motor vessel. They must have been a deck officer for at least 7 years and held the master's license for at least 1 year. Applicants must have reached their 25th birthday but may not be over age 35, which may be extended 5 years if they have had prior service with the Navy, Coast Guard, or the Panama Canal Company. Because of the required experience, applicants are usually close to the upper age limit, which means that they are nearly 35 years old when employed. After 9 months of orientation and trial plus an additional 1-year probationary period, the individual becomes a full-fledged pilot.

Thus the pilot will not come under the Retirement Act in many cases until he is 35 or 36 years old. So he cannot possibly accumulate 30 years of service under the act. It is frequently true that the pilot has paid a considerable amount into the social security fund and in that same period he would also have contributed a substantial sum into private company and union retirement plans. When he becomes a pilot in the Federal service, he loses the benefit of the company retirement plan, and it is unlikely that he will live long enough to collect any social security benefits. The pilot therefore is dependent upon his retirement annuity. He is holding a position which because of its strenuous aspects clearly entitled him to early retirement for it does not permit continued employment much after 55 years of age.

The strain to which these men are subjected is evident in even a brief review of their daily duties. The Panama Canal Company runs a 24-hour operation. Night work has doubled and irregular hours are the rule rather than the exception. Many more large ships carrying oil and ore have been passing through the Canal since 1955. These vessels require two or more pilots, and the time spent in guiding these ships through is filled with tension.

There is one basic difference between the degree of responsibility placed on pilots in continental United States and in the Canal Zone which illustrates the burden placed on the latter group. In the States the master is still responsible for his ship. Canal Zone pilots by law relieve the master of the responsibility while navigating the canal.

Statistics compiled by the Canal Zone Pilots Association tell a grim story of the odds that face these men. We have studied these statistics

which indicate what happened to 52 pilots who left the service of the Panama Canal Company from 1949 until last month. They averaged less than 57 years of age and not quite 20 years of service, facts which substantiate the retirement at age 55 with 20 years of service which these men are seeking.

Forty-two percent were discharged for medical disability at an average age of 53.5 years, with 17.5 years of service as pilots. Such facts are convincing proof of occupational hazard and physical hardship.

The Panama Canal Company has approved this bill if it is amended to require 20 years of service as a pilot. It is understood that the pilots themselves have agreed to such a change.

The Civil Service Commission has opposed the bill, as it has opposed numerous retirement bills in the past. One objection was that the measure disturbed the coordination between the pilots and other employees of the Panama Canal Company. There would be no such thing as disability retirement if all employees under the act were coordinated. The Bureau of the Budget raised the question of cost, though there is to be little or no cost to the Government. Many of these men would not live long enough to get back in annuities the money they will pay into the retirement fund.

It is suggested that the following be added to the bill, as a new section 2, the present section 2 and 3 being renumbered 3 and 4, respectively:

SEC. 2. Notwithstanding any other provision of law, benefits under the Civil Service Retirement Act resulting from the enactment of this Act shall be paid from the civil service retirement and disability fund.

The AFGE, Mr. Chairman, urges a favorable report on this bill, and early enactment by the House. We thank the committee for the opportunity to submit our views.

Mr. OLSEN. If there are no further questions, the subcommittee will adjourn.

(Thereupon, Tuesday, April 2, 1963, the subcommittee adjourned.)

